OFFICIAL STATEMENT

Subject to compliance by the Corporation and the County with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Series 2003 Bonds described below is not includible in gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Series 2003 Bonds is exempt from present Arizona income taxation as long as such interest is excluded from gross income for federal income tax purposes. See "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT" and "ORIGINAL ISSUE PREMIUM" herein for a more complete discussion. Bond Counsel will not express any opinion for federal or Arizona income tax purposes as to any monies received in payment of the Series 2003 Bonds from sources other than funds made available by the County and the Reserve Fund as a result of termination of the County's obligation under the Lease.

NEW ISSUE – BOOK-ENTRY-ONLY **Ratings: See "RATINGS" herein.**

12/3/03

$16,880,000
MARICOPA COUNTY PUBLIC FINANCE CORPORATION
LEASE REVENUE REFUNDING BONDS, SERIES 2003

Dated: Date of Initial Delivery Due: July 1, as shown on the inside front cover

The Series 2003 Bonds. Lease Revenue Refunding Bonds, Series 2003 (the "Series 2003 Bonds") are being issued by the Maricopa County Public Finance Corporation (the "Corporation") under a Trust Indenture, dated as of June 1, 2001 (the "Original Trust Indenture"), between BNY Western Trust Company, as trustee (the "Trustee"), and the Corporation, as supplemented by a Series 2003 Supplement, dated as of December 1, 2003 (collectively, the "Indenture"). Initially, the Series 2003 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2003 Bonds. Purchases of beneficial interest in the Series 2003 Bonds will be made in book-entry-only form in denominations of $5,000 of principal maturing on a specified date or any integral multiple thereof. Purchasers will not receive certificates representing the ownership interest in the Series 2003 Bonds purchased by them. See Appendix E – "BOOK-ENTRY-ONLY SYSTEM."

Payments on Series 2003 Bonds. Interest on the Series 2003 Bonds is payable semiannually on January 1 and July 1 of each year, commencing July 1, 2004, until maturity or prior redemption, and principal on the Series 2003 Bonds is payable annually in accordance with the schedule set forth on the inside front cover. So long as the Series 2003 Bonds are registered in the name of DTC, or its nominee, payments of the principal of and interest on the Series 2003 Bonds will be made directly by the Trustee to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the Series 2003 Bonds, as described herein.

Redemption Provisions. The Series 2003 Bonds are not subject to optional redemption prior to maturity. The Series 2003 Bonds are subject to extraordinary mandatory redemption prior to maturity as more fully described herein. See "THE SERIES 2003 BONDS--Redemption Provisions" herein.

Use of Proceeds. The Series 2003 Bonds are being issued to (i) refund certain of the County's certificates of participation; (ii) refinance certain of the County's outstanding capital leases; and (iii) pay costs associated with the issuance of the Series 2003 Bonds. See "PLAN OF REFUNDING" herein.

The Series 2003 Bonds are payable from semiannual Lease Payments to be made by Maricopa County, Arizona (the "County") pursuant to a Series 2001 Lease-Purchase Agreement, dated as of June 1, 2001 (the "Original Lease Agreement"), between the Corporation, as lessor, and the County, as lessee, as amended by a Series 2003 Amendment, dated as of December 1, 2003 (collectively, the "Lease"), and certain amounts held by the Trustee under the Indenture. The Series 2003 Bonds are being issued as "Additional Bonds" under the Indenture on a parity with the $93,360,000 principal amount of the Corporation's Lease Revenue Bonds, Series 2001 (the "Series 2001 Bonds") outstanding under the Indenture, and any Additional Bonds subsequently executed and delivered under the Indenture (collectively, the "Bonds"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2003 BONDS" herein.

The obligations of the County under the Lease are payable exclusively from annually appropriated funds and are not a general obligation or indebtedness of the County for any purpose. The obligation of the County to make payments under the Lease is subject to termination as of the last day of each fiscal year, at the option of the County. If so terminated, the County shall thereafter be relieved of any subsequent obligation under the Lease other than to surrender possession of the Leased Property (as defined herein) to the Trustee. Upon such termination, there is no assurance of payment of the principal of or interest on the Bonds, including the Series 2003 Bonds, from funds available under the Indenture as a result of the Trustee's re-leasing or sale of the Leased Property. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2003 BONDS" herein.

The Series 2003 Bonds are payable solely from Lease Payments required to be made by the County from the sources identified above and from funds available under the Indenture. The obligation of the County to make Lease Payments under the Lease is not secured by a pledge of any funds, does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation nor constitute a general obligation of the County nor an indebtedness of the County, the State of Arizona or any of its political subdivisions within the meaning of any constitutional or statutory debt limitations.

See "RISK FACTORS" for a discussion of some of the risks inherent in investing in the Series 2003 Bonds.

The scheduled payment of principal of and interest on the Series 2003 Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation (the "Insurer") simultaneously with the delivery of the Series 2003 Bonds.

Ambac

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER

This cover page contains only a brief description of the Series 2003 Bonds and the security therefor. It is not a summary of material information with respect to the Series 2003 Bonds. Investors are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

This Official Statement has been prepared by the County in connection with the original offering for sale of the Series 2003 Bonds referred to above. The Series 2003 Bonds are offered when, as and if issued, and subject to the approving opinion of Greenberg Traurig, LLP, Bond Counsel, as to validity and tax exemption. In addition, certain legal matters will be passed upon for the Underwriters by Snell & Wilmer L.L.P. It is anticipated that the Series 2003 Bonds will be available for delivery through DTC in New York, New York on or about December 3, 2003.

LEHMAN BROTHERS **PEACOCK, HISLOP, STALEY & GIVEN, INC.**

November 18, 2003

MATURITY SCHEDULE

$16,880,000
MARICOPA COUNTY PUBLIC FINANCE CORPORATION
LEASE REVENUE REFUNDING BONDS, SERIES 2003

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP 566877
2004	$3,315,000	3.000%	1.080%	BD 7
2005	3,250,000	4.000	1.350	BE 5
2006	3,120,000	4.000	1.710	BF 2
2007	1,745,000	2.500	2.040	BG 0
2008	1,580,000	3.000	2.400	BH 8
2009	1,500,000	3.250	2.680	BJ 4
2010	1,550,000	3.000	2.980	BK 1
2011	500,000	3.125	3.250	BL 9
2012	320,000	3.375	3.490	BM 7

MARICOPA COUNTY, ARIZONA

BOARD OF SUPERVISORS

Fulton Brock, *Chairman*
Andrew Kunasek, *Member*
Donald Stapley , *Member*
Mary Rose Garrido Wilcox, *Member*
Max Wilson, *Member*

MARICOPA COUNTY PUBLIC FINANCE CORPORATION

CORPORATION BOARD MEMBERS

Shelby Scharbach, *President and Director*
Tom Manos, *Secretary and Director*
Loretta Barkell, *Treasurer and Director*

COUNTY ADMINISTRATION

David R. Smith, *County Administrative Officer*
Sandra Wilson, *Deputy County Administrative Officer*
Tom Manos, *Chief Financial Officer*

BOND COUNSEL

Greenberg Traurig, LLP
Phoenix, Arizona

FINANCIAL ADVISOR

U.S. Bancorp Piper Jaffray Inc.®
Phoenix, Arizona

TRUSTEE

BNY Western Trust Company
Los Angeles, California

REGARDING THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offering of any security other than the original offering of the Series 2003 Bonds identified on the inside front cover page hereof. No person has been authorized by the Maricopa County Public Finance Corporation (the "Corporation") Maricopa County, Arizona (the "County") or the Underwriters to give any information or to make any representation other than as contained this Official Statement, and if given or made, such other information or representation must not be relied upon as having been given or authorized by the Corporation, the County or the Underwriters. This Official Statement shall not constitute an offer to sell or the solicitation of an offer to buy, and there shall be no sale of the Series 2003 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information set forth herein has been obtained from the County and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there will be no change in the affairs of the Corporation or the County after the date hereof. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Upon issuance, the Series 2003 Bonds will not be registered by the Corporation, the County or the Underwriters under the federal Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission or any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Series 2003 Bonds for sale.

In connection with the offering, the Underwriters may overallot or effect transactions, which stabilize or maintain the market price of the Series 2003 Bonds, offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, maybe discontinued at any time. The Underwriters may offer and sell the bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside front cover page hereof and such public offering prices may be changed from time to time by the Underwriters.

The County has undertaken to provide continuing disclosure with respect to the Series 2003 Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING SECONDARY MARKET DISCLOSURE" and Appendix G – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

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$16,880,000
MARICOPA COUNTY PUBLIC FINANCE CORPORATION
LEASE REVENUE REFUNDING BONDS, SERIES 2003

INTRODUCTION

This Official Statement, including the cover page and the Appendices hereto, is furnished in connection with the offering by Maricopa County Public Finance Corporation (the "Corporation"), an Arizona nonprofit corporation, of its Lease Revenue Refunding Bonds, Series 2003 (the "Series 2003 Bonds") in the aggregate principal amount of $16,880,000.

The Series 2003 Bonds are being issued under a Trust Indenture, dated as of June 1, 2001 (the "Original Trust Indenture"), between BNY Western Trust Company, as trustee (the "Trustee"), and the Corporation, as supplemented by a Series 2003 Supplement, dated as of December 1, 2003 (collectively, the "Indenture").

The Series 2003 Bonds are subject to extraordinary mandatory redemption prior to maturity as more fully described herein. See "THE SERIES 2003 BONDS--Redemption Provisions" herein.

The Series 2003 Bonds are being issued to (i) refund certain of the County's certificates of participation; (ii) refinance certain of the County's outstanding capital leases; and (iii) pay costs associated with the issuance of the Series 2003 Bonds. See "PLAN OF REFUNDING" herein.

The Series 2003 Bonds are payable from semiannual Lease Payments to be made by Maricopa County, Arizona (the "County") pursuant to a Series 2001 Lease-Purchase Agreement, dated as of June 1, 2001 (the "Original Lease Agreement"), between the Corporation, as lessor, and the County, as lessee, as amended by a Series 2003 Amendment, dated as of December 1, 2003 (collectively, the "Lease"), and certain amounts held by the Trustee under the Indenture. The Series 2003 Bonds are being issued as "Additional Bonds" under the Indenture on a parity with the $93,360,000 aggregate principal amount of the Corporation's Lease Revenue Bonds, Series 2001 (the "Series 2001 Bonds") outstanding under the Indenture, and any Additional Bonds subsequently executed and delivered under the Indenture (collectively, the "Bonds"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2003 BONDS" herein.

The obligations of the County under the Lease are payable exclusively from annually appropriated funds and are not a general obligation or indebtedness of the County for any purpose. The obligation of the County to make payments under the Lease is subject to termination as of the last day of each fiscal year, at the option of the County. If so terminated, the County shall thereafter be relieved of any subsequent obligation under the Lease other than to surrender possession of the Leased Property (as defined herein) to the Trustee. The Lease will also terminate upon the occurrence of an Event of Default thereunder by the County and the election of the Trustee to terminate the Lease Term. In the event of any such termination, there is no assurance of payment of the principal of or interest on the Bonds, including the Series 2003 Bonds, from funds available under the Indenture as a result of the Trustee's re-leasing or sale of the Leased Property. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2003 BONDS" herein.

The Series 2003 Bonds are payable solely from Lease Payments required to be made by the County from the sources identified above and from funds available under the Indenture. The obligation of the County to make Lease Payments under the Lease is not secured by a pledge of any funds, does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation nor constitute a general obligation of the County nor an indebtedness of the County, the State of Arizona or any of its political subdivisions within the meaning of any constitutional or statutory debt limitations.

Under the Lease, the County is required to pay base rent comprising the Lease Payments equal to the principal of and interest on the outstanding Bonds, including the Series 2003 Bonds, unless the Lease is terminated as provided therein. Such base rent will be held in trust by the Trustee only for payment to the registered Owners of the Bonds. The County is also required to pay Additional Rent under the Lease, which includes amounts necessary to restore the Reserve Fund to the required amount, to pay any taxes and assessments and the cost of maintenance and repair of the Leased Property and to pay other fees and obligations. See "SUMMARY OF LEGAL DOCUMENTS – Lease" in Appendix D hereto.

Unless and until discontinued, the Series 2003 Bonds will be held in book-entry form by The Depository Trust Company, a registered securities depository ("DTC"), and beneficial interests therein may only be purchased and sold, and payments of principal of and interest on the Series 2003 Bonds will be made only to beneficial owners, through participants in the DTC system. Beneficial interests in the Series 2003 Bonds will be in denominations described on the cover page hereof. See Appendix E – "BOOK-ENTRY-ONLY SYSTEM".

Ambac Assurance Corporation (the "Insurer") has committed to issue, effective as of the date of original delivery of the Series 2003 Bonds, its Financial Guaranty Insurance Policy (the "Policy") insuring the scheduled payment of principal of and interest on the 2003 Bonds when due. See "BOND INSURANCE." A specimen of the form of the Policy is included in this Official Statement as Appendix H.

The Insurer also delivered, effective as of the date of original delivery of the Series 2001 Bonds, its Financial Guaranty Insurance Policy insuring the scheduled payment of principal of and interest on the Series 2001 Bonds.

The Insurer will have the right to consent on behalf of Owners of the Series 2003 Bonds to certain amendments to the Lease and the Indenture without notice to or consent of such Owners. The Insurer will also have the right to control the exercise of remedies under the Lease and the Indenture and to direct and control the acceleration of the Bonds.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as shown by the financial and other information, will necessarily continue or be repeated in the future.

Reference to provisions of Arizona law, whether codified in the Arizona Revised Statutes (A.R.S.) or uncodified, or of the Arizona Constitution, are references to those provisions in their current form. Those provisions may be amended, repealed or supplemented.

Certain capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings given to such terms in Appendix D under the heading "SUMMARY OF LEGAL DOCUMENTS – Definitions."

See "RISK FACTORS" for a discussion of certain risks inherent in investing in the Series 2003 Bonds.

This Official Statement contains descriptions of the Series 2003 Bonds, the Indenture and the Lease. The descriptions of the Series 2003 Bonds, the Indenture and the Lease and other documents described in this Official Statement do not purport to be definitive or comprehensive, and all references to those documents are qualified in their entirety by reference to the complete documents, copies of which are available from the County's financial advisor, U.S. Bancorp Piper Jaffray Inc., 2525 E. Camelback Road, Suite 900, Phoenix, Arizona 85016-4231.

THE SERIES 2003 BONDS

General Provisions

The Series 2003 Bonds will be dated the date of initial delivery thereof and will mature on the dates and in the principal amounts and bear interest at the rates per annum rates, all as set forth on the inside front cover of this Official Statement. Interest on the Series 2003 Bonds will accrue from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their dated date. Interest will be computed on the basis of a 360-day year of twelve 30-day months and payable on each January 1 and July 1, commencing on July 1, 2004 (each an "Interest Payment Date").

The Series 2003 Bonds will be delivered in the form of fully registered certificates without coupons registered in the name of Cede & Co. as registered Owner and nominee for DTC. The Trustee shall treat Cede & Co., as the registered Owner, as the absolute owner of the Series 2003 Bonds for all purposes, including making payments and sending notices.

So long as Cede & Co. is the registered Owner of the Series 2003 Bonds, as nominee for DTC, references herein to "Owners" or registered owners of the Series 2003 Bonds (other than under the caption "TAX EXEMPTION") shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of such Series 2003 Bonds. When reference is made to any action which is required or permitted to be taken by the beneficial owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such beneficial owners for such purposes. When notices are given, they shall be sent by the County or the Trustee to DTC only.

Subject to the provisions summarized in Appendix E - "BOOK-ENTRY-ONLY SYSTEM," the principal on each Series 2003 Bond will be payable at the designated office of the Trustee. Interest on each Series 2003 Bond will be paid on each Interest Payment Date by check drawn on the Trustee mailed on or before the Interest Payment Date to the registered owners as shown on the records of the Trustee as of the fifteenth day of the month immediately preceding such Interest Payment Date or, if such a day is not a business day, on the next succeeding business day or the Trustee may agree with a registered Owner of Series 2003 Bonds for another form of payment.

Redemption Provisions

Extraordinary Mandatory Redemption. In the event the Lease is terminated due to an Event of Non-Appropriation, or an Event of Default occurs under the Lease or the Indenture, the Series 2003 Bonds will be subject to special mandatory redemption, with the prior written consent of the Insurer, at any time for which the required notice has been given, in whole or in part, at a price equal to par plus accrued interest to the redemption date, without premium.

In addition, in the event of total damage, destruction or condemnation of any portion of the Leased Property and the determination by the County not to restore the Leased Property, the Series 2003 Bonds will be subject to special mandatory redemption in whole or in part, at any time for which the required notice has been given, solely from the Net Proceeds of insurance, self-insurance or condemnation awards, at a price equal to par plus accrued interest to the redemption date, without premium. See Appendix D - "SUMMARY OF LEGAL DOCUMENTS – The Indenture – Net Proceeds – *Section 6.01 – Establishment of Net Proceeds Fund; Application of Net Proceeds of Insurance Proceeds or Condemnation Awards*, and "RISK FACTORS" herein.

Notice of Redemption. Notice of redemption of any Series 2003 Bond will be mailed to the respective Owners, initially only DTC, of the Series 2003 Bond or Series 2003 Bonds being redeemed at the addresses shown on the register maintained by the Trustee not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Neither failure to give notice to any owner of a Series 2003 Bond nor any defect in any notice will affect the validity of the proceedings for the redemption of any Series 2003 Bond with respect to which notice is properly given. Any failure on the part of DTC or on the part of a Direct or Indirect Participant in the DTC Book-Entry-Only system to notify the Beneficial Owner of the Series 2003 Bonds so affected will not affect the validity of the redemption of the Series 2003 Bonds.

Notice having been given in the manner provided above, the Series 2003 Bonds and portions thereof called for redemption will become due and payable on the redemption date. If moneys sufficient to redeem all the Series 2003 Bonds or portions thereof called for redemption are held by the Trustee on the redemption date and if proper notice of redemption shall have been given, then the Series 2003 Bonds or portions thereof called for redemption will cease to be entitled to receive interest with respect thereto and will no longer be considered Outstanding under the Indenture. Any moneys held by the Trustee for the redemption of Series 2003 Bonds shall be held in trust for the account of the Owners of the Series 2003 Bonds to be redeemed.

PLAN OF REFUNDING

Proceeds of the Series 2003 Bonds (net of costs of issuance) will be placed in an irrevocable depository trust account (the "Depository Trust") with BNY Western Trust Company, as depository trustee (the "Depository Trustee"), to be applied to the payment of principal, premium, if any, and interest on the obligations of the County described below, comprising (i) $10,074,452 aggregate principal amount of certain certificates of participation currently outstanding (the "Certificates Being Refunded") and (ii) $11,104,818 aggregate principal amount of certain capital leases currently outstanding (the "Leases Being Refunded") and, (together with the Certificates Being Refunded, the "Obligations Being Refunded") when due or upon prepayment. See "Obligations Being Refunded" below. The Obligations Being Refunded financed a portion of the Leased Property. See "THE LEASED PROPERTY" herein.

The Depository Trust held by the Depository Trustee will be used to acquire direct obligations of the United States of America ("Government Obligations") the principal of, premium, if any, and interest on which, when due, are calculated to be sufficient, together with any initial cash balance in the Depository Trust, to provide monies to pay the principal, premium, if any, and interest to become due on the Obligations Being Refunded. (See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.) Such Depository Trust will be held by the Depository Trustee irrevocably in trust for the payment of the Obligations Being Refunded.

OBLIGATIONS BEING REFUNDED

Certificates Being Refunded

Certificates of Participation	Maturity Date	Principal Amount Outstanding (1)	Principal Amount Refunded	First Available Redemption Date		Redemption Price	CUSIP 566746
Series 1993	6/01/2004	$225,000	$225,000	6/01/2004	(2)	100.00%	BA 0
	6/01/2005	80,000	80,000	6/01/2004		100.00	BB 8
	6/01/2006	85,000	85,000	6/01/2004		100.00	BC 6
	6/01/2007	90,000	90,000	6/01/2004		100.00	BD 4
	6/01/2008	100,000	100,000	6/01/2004		100.00	BE 2
Series 1994	6/01/2004	3,815,000	3,815,000	1/20/2004		100.50	BX 0
Series 1996	6/01/2004	159,254	159,254	1/20/2004		100.00	N/A
	6/01/2005	168,650	168,650	1/20/2004		100.00	N/A
	6/01/2006	178,685	178,685	1/20/2004		100.00	N/A
	6/01/2007	189,406	189,406	1/20/2004		100.00	N/A
	6/01/2008	200,865	200,865	1/20/2004		100.00	N/A
	6/01/2009	213,118	213,118	1/20/2004		100.00	N/A
	6/01/2010	226,224	226,224	1/20/2004		100.00	N/A
	6/01/2011	240,250	240,250	1/20/2004		100.00	N/A
Series 2000	7/01/2004	491,000	491,000	1/20/2004		100.00	N/A
	7/01/2005	519,000	519,000	1/20/2004		100.00	N/A
	7/01/2006	550,000	550,000	1/20/2004		100.00	N/A
	7/01/2007	582,000	582,000	1/20/2004		100.00	N/A
	7/01/2008	616,000	616,000	1/20/2004		100.00	N/A
	7/01/2009	653,000	653,000	1/20/2004		100.00	N/A
	7/01/2010	692,000	692,000	1/20/2004		100.00	N/A

(1) As of December 3, 2003.
(2) Maturity date.

Leases Being Refunded

Leases	Maturity Dates	Principal Amount Outstanding (1)	Principal Amount Refunded	First Available Redemption Date	Redemption Price	CUSIP
Energy Retrofit	5/25/2004 – 5/25/2010	$2,764,954	$2,764,954	1/20/2004	100%	N/A
Smart Zone	12/26/2003 – 5/26/2006	3,354,559	3,354,559	1/20/2004	100%	N/A
Helicopter	1/01/2004 – 2/01/2006	624,858	624,858	1/20/2004	100%	N/A
Medical Chromatograph	1/01/2004 – 12/01/2005	72,119	72,119	1/20/2004	100%	N/A
Medical CT Scanner	1/01/2004 – 8/01/2007	649,898	649,898	1/20/2004	100%	N/A
Northwest Superior Court Facility	12/15/2004 – 6/15/2012	3,503,855	3,503,855	1/20/2004	100%	N/A
Medical Examiner Forensic Center	12/15/2003 – 8/15/2007	134,574	134,574	1/20/2004	100%	N/A

(1) As of December 3, 2003.

Upon the deposit of funds into the Depository Trust and the investment thereof as described above, and upon giving any required notices of redemption or prepayment, the County will have provided for its remaining lease payment obligations related to principal and interest on the Certificates Being Refunded to their respective redemption or prepayment dates. Thereupon, the Certificates Being Refunded will be defeased and not remain outstanding under the respective documents authorizing their execution and delivery.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Grant Thornton LLP, a firm of independent public accountants, will deliver to the Corporation, on or before the date of the initial issuance and delivery of the Series 2003 Bonds, its report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Financial Advisor on behalf of the County relating to the Obligations Being Refunded. Included in the scope of its examination will be a verification of the accuracy of the mathematical computations determining that the cash and the maturing principal of and interest on the Government Obligations on the Depository Trust will pay, when due at prior redemption or prepayment as outlined above (see "Plan of Refunding"), the principal of, interest on and redemption premium related to the Obligations Being Refunded. Such examination will be based solely on mathematical computations, information and documents provided to Grant Thornton LLP by U.S. Bancorp Piper Jaffray Inc. (the "Financial Advisor") on behalf of the County. Grant Thornton LLP will have no obligation to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2003 BONDS

General

The Series 2003 Bonds, together with the Series 2001 Bonds and any Additional Bonds, and the interest thereon and premium, if any, are special limited obligations of the Corporation, payable solely from Revenues, which consist primarily of Lease Payments (other than Unassigned Corporation's Rights) under the Lease. Revenues also include all monies in addition to Lease Payments received or to be received by the Corporation or the Trustee in respect of the Lease, including, without limitation, the Interest Fund, the Bond Retirement Fund and the Reserve Fund, all Net Proceeds received by the Trustee under any liability or casualty insurance policies or upon condemnation, and all income and profit from the investment of the foregoing monies other than that required to be rebated to the United States. The Revenues have been assigned to the Trustee to secure the payment of the Series 2003 Bonds.

THE SERIES 2003 BONDS, AND THE INTEREST THEREON AND THE PREMIUM, IF ANY, ARE SPECIAL LIMITED OBLIGATIONS OF THE CORPORATION PAYABLE EXCLUSIVELY FROM REVENUES. THE SERIES 2003 BONDS DO NOT CONSTITUTE A DEBT, LOAN OF CREDIT OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE CORPORATION OR OF THE COUNTY OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE STATE OR THE COUNTY. THE BONDS SHALL NOT CONSTITUTE, DIRECTLY OR INDIRECTLY, OR CONTINGENTLY OBLIGATE OR OTHERWISE CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE CORPORATION, BUT SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE CORPORATION PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE INDENTURE, BUT NOT OTHERWISE. THE CORPORATION HAS NO TAXING POWER.

See "RISK FACTORS" for a discussion of certain risks inherent in investing in the Series 2003 Bonds.

Bond Insurance

The timely payment of the principal of and interest on the Series 2003 Bonds, when due, will be insured by a financial guaranty insurance policy to be issued by the Insurer. See "BOND INSURANCE" and APPENDIX H – "SPECIMEN BOND INSURANCE POLICY."

The Lease

Under the terms of the Lease, the County will be obligated to pay on each Lease Payment Date an amount equal to the Lease Payment then due. The Lease Payment due on each Lease Payment Date will equal the aggregate amount of the principal of, premium, if any, and interest on the Series 2003 Bonds becoming payable on the ensuing Interest Payment Date, plus any Additional Rent due on such date. The Lease Term will end on the date on which all Lease Payments and all other amounts due under the Lease have been paid, unless sooner terminated in accordance with the provisions of the Lease.

The Lease will provide that the County's obligation to pay the Lease Payments relating to all of the Bonds will be absolute and unconditional, without any right of set-off or counterclaim, subject to and dependent upon annual Appropriations being made by the County to pay Lease Payments. See "Non-Appropriation" below. The County will covenant in the Lease that it will, to the extent permitted by law, include in its budget for each Fiscal Year during the Term of the Lease a sufficient amount to permit the County to make all of the Lease Payments and other payments required under the Lease. For a description of the budget process see "FINANCIAL MATTERS – Introduction – Budget Process" herein. The County's obligation to pay Lease Payments will continue until all Lease Payments and all other amounts due under the Lease have been paid, unless the Lease is sooner terminated in accordance with its provisions.

The Lease Payments cannot be accelerated under the Lease or the Indenture.

The initial term of the Lease will expire on June 30, 2004. The term shall be deemed extended automatically by the County for up to 11 successive periods of one Fiscal Year each, commencing on the first day of each such Fiscal Year for which an Appropriation has been made by the last date on which the County may adopt a budget for that Fiscal Year. If the County does not make an Appropriation of monies sufficient to pay Lease Payments in any succeeding Fiscal Year, the Lease will terminate and the County will be required to vacate and return possession of all of the Leased Property to the Trustee, all in accordance with and subject to the terms of the Lease and the Indenture. In that event, the Trustee would be entitled to exercise all available remedies, which could include re-leasing, or selling the Leased Property. See "Non-Appropriation" below. Amounts sufficient to make Lease Payments through June 30, 2004 have been Appropriated by the County.

Non-Appropriation

The County's obligation to pay Lease Payments and any other obligations of the County under the Lease will be subject to and dependent upon annual Appropriations by the Board. Each such obligation will be a current expense of the County, payable exclusively from appropriated monies, and will not be a general obligation or indebtedness of the County. If in any Fiscal Year the Board fails to appropriate monies to pay Lease Payments, then the County will be relieved of any subsequent obligation under the Lease. The Lease will provide that if, prior to the last date occurring in any Fiscal Year in which the County is required or permitted to adopt its budget for such Fiscal Year, the County fails to make an Appropriation for the Lease Payments with respect to all of the Outstanding Bonds for such Fiscal Year, an Event of Non-Appropriation will be deemed to have occurred and the Lease will terminate as of June 30 of the preceding Fiscal Year.

In the event the Lease is terminated due to an Event of Non-Appropriation, the County is under no obligation to make any future Lease Payments and is not expected to continue to make such Lease Payments. Under such circumstances the Trustee (subject to proper indemnification of the Trustee) will have all legal and equitable rights and remedies to take possession of any or all of the Leased Property and/or to require the Corporation to convey the Leased Property to the Trustee, and the County will agree to surrender possession of the Leased Property to the Trustee in at least as good condition and repair as when delivered to the County, ordinary wear and tear excepted. In such event the Series 2003 Bonds will, with the consent of the Insurer, be subject to special mandatory redemption as described under "THE BONDS–Redemption Provisions - *Special Mandatory Redemption.*"

The Corporation acknowledges in the Lease that Appropriation is a legislative act beyond the control of the Corporation or Trustee.

Flow of Funds

General. All monies and investments held by the Trustee under the Indenture (except monies and investments in the Rebate Fund) will be irrevocably held in trust for the benefit of the Owners and the County, as their interests appear, and for the purposes specified in the Indenture, and such monies, and any income or interest earned thereon, will be expended only as provided in the Indenture and will not be subject to levy or attachment by lien by or for the benefit of any creditor of the Trustee or the County.

Funds. The Indenture creates the following funds: the Revenue Fund, the Interest Fund, the Bond Retirement Fund, the Reserve Fund, the Series 2001 Acquisition and Construction Fund, and the Net Proceeds Fund.

Flow of Funds. The semi-annual Lease Payments to be paid by the County shall be deposited in the applicable accounts of the Revenue Fund. The Trustee shall withdraw monies from the applicable accounts of the Revenue Fund as follows:

(a) One business day prior to each Interest Payment Date the Trustee shall deposit in the applicable accounts of the Interest Fund an amount equal to the amount of interest becoming due and payable on the Outstanding Bonds on the next Interest Payment Date. Each such deposit shall be made so that adequate monies for the payment of interest will be available in such fund on each date that interest payments are to be made on the Series 2003 Bonds.

(b) One business day prior to each Principal Payment Date, the Trustee shall deposit in the applicable accounts of the Bond Retirement Fund an amount equal to the principal amount of the Outstanding Bonds becoming due and payable on the next Principal Payment Date. Each such deposit shall be made so that adequate monies for the payment of principal will be available in such fund on each date that principal becomes due on the Series 2003 Bonds.

The respective transfers relating to accounts established for Additional Bonds shall be set forth in the Supplemental Indenture authorizing the issuance thereof.

Reserve Fund

A Reserve Fund has been established by the Indenture, the Series 2001 Account of which was funded by the County from funds other than proceeds of the Series 2001 Bonds in an amount equal to $12,485,500 (the "Initial Deposit"). Following the issuance of the Series 2003 Bonds, the Debt Service Reserve Requirement will be $11,024,000 which allows for the transfer of $1,461,354 from the Reserve Fund to the Depository Trust. All monies on deposit in the Reserve Fund will be held by the Trustee solely for the benefit of the Owners of the Bonds. In the event the amount of cash and eligible investments described in Sections (1) and (2) of the definition of Eligible Investments set forth in Appendix D - "SUMMARY OF LEGAL DOCUMENTS - Definitions," is less than the Reserve Requirement, the County is required over a 12-month period to restore the Reserve Fund to an amount equal to the Reserve Requirement by making payments of Additional Rent pursuant to the Lease. See Appendix D "SUMMARY OF LEGAL DOCUMENTS –Lease – *Section 3 – Additional Rent*." If on any Interest Payment Date or Principal Payment Date monies in the applicable accounts of the Interest Fund or Bond Retirement Fund do not equal the amount of the interest or principal, respectively, due and payable on such date, the Trustee will be required to transfer monies available in the Reserve Fund to the applicable accounts of the Interest Fund and Bond Retirement Fund, as appropriate, to make up any shortfall. Amounts in the Reserve Fund shall be used and withdrawn solely for the purpose of paying the interest on or principal of Bonds in the event that no other money of the Corporation is available therefor, or for the retirement of Bonds then Outstanding.

If on any Lease Payment Date the amount in the Reserve Fund exceeds the Reserve Requirement and if the Corporation is not then in default under the Indenture, the Trustee shall withdraw the amount of any such excess from such fund and shall apply such amount, on a pro rata basis, first to the Interest Fund and second to the Bond Retirement Fund. The County shall receive a credit towards Base Rent owed on any Lease Payment Date to the extent funds which exceed the Reserve Requirement are transferred to the Interest Fund or the Bond Retirement Fund.

The Indenture permits the execution and delivery of a supplemental indenture, with the consent of the Insurer, but without the consent of the Owners of the Series 2003 Bonds to facilitate the substitution of an insurance policy, surety bond or letter of credit on the Reserve Fund, the provider of which has unsecured obligations in one of the two highest rating categories of each Rating Agency, in satisfaction of the Reserve Requirement for the Series 2003 Bonds or any Additional Bonds. See Appendix D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – The Indenture–Section 9.02 - *Supplemental Indentures Not Requiring Consent of Owners*."

Additional Bonds

The Indenture permits the Corporation to issue Additional Bonds from time to time on a parity with the Series 2001 Bonds and the Series 2003 Bonds and any Additional Bonds then outstanding, for the purpose of refunding any Bonds or acquiring, constructing, reconstructing or improving buildings, equipment and other real and personal properties for the use of the County. The Indenture includes, among others, the following conditions which must be satisfied prior to the issuance of Additional Bonds:

(a) no Event of Default shall exist under the Lease or the Indenture, as any or all of them may have been supplemented;

(b) if the issuance of such Additional Bonds causes the Reserve Requirement to increase, then at the time of issuance of such Additional Bonds either cash or eligible investments (described in clauses (1) and (2) of the definition of Eligible Investments set forth in Appendix D -"SUMMARY OF

LEGAL DOCUMENTS - Definitions") shall be provided to the Trustee so that the Reserve Requirement shall be satisfied;

(c) receipt by the Trustee of executed amendments to the Lease and the Indenture providing for the issuance and payment of the Additional Bonds; and

(d) the Trustee shall have received Rating Confirmations with respect to any Bonds which are not supported by bond insurance. See Appendix D – "SUMMARY OF LEGAL DOCUMENTS – The Indenture –Authorization and Terms of Series 2003 Bonds; Additional Bonds"

The Corporation has the capacity, which the provisions of the Lease do not limit, to issue other obligations (in addition to obligations related to Additional Bonds) which would be paid by the County from the County's unrestricted current operating funds, which are the same funds the County will use to make Lease Payments under the Lease.

Net Proceeds Fund

Net Proceeds or condemnation awards of less than $500,000 are to be retained by the County and applied to replace the Leased Property damaged or destroyed. Any Net Proceeds or condemnation awards of $500,000 or more collected by the Corporation, Trustee or the County shall be transferred to the Trustee and deposited by the Trustee in the Net Proceeds Fund and at the election of the County will be used to pay the costs of repairing or replacing the portion of the Leased Property lost. In the event of total damage, destruction and condemnation of all or a portion of the Leased Property, if the County does not elect to repair or replace such portion of the Leased Property the Net Proceeds or other insurance or condemnation proceeds shall be transferred, *pro rata*, to the Interest Fund and the Bond Retirement Fund and applied to the next Lease Payments to come due or used to redeem Bonds in advance of their due date in accordance with the special redemption provisions of the Indenture. See "THE SERIES 2003 BONDS - Redemption Provisions – *Special Mandatory Redemption.*"

Defeasance

The Bonds will be subject to defeasance and will be deemed paid or provided for with monies or Defeasance Obligations provided by the County in connection with the County's exercise of its option to purchase the Leased Property prior to the scheduled maturity of all Bonds or an advance refunding of the Bonds. The Lease provides that upon prepayment or defeasance of the Series 2001 Bonds, the Series 2001 Leased Property may be reconveyed to the County and will no longer be subject to the Lease and that upon prepayment or defeasance of the Series 2003 Bonds, the Series 2003 Leased property may be reconveyed to the County and will no longer be subject to the Lease.

The Insurer as Owner of All Series 2003 Bonds

The Insurer will have the right to consent on behalf of Owners (with limited exceptions) to amendments of the Series 2003 Lease and the Indenture without notice to or consent of the Owners or beneficial owners.

BOND INSURANCE

Payment Pursuant to Financial Guaranty Insurance Policy

The Insurer has made a commitment to issue a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") relating to the Series 2003 Bonds effective as of the date of issuance of the Series 2003 Bonds. Under the terms of the Financial Guaranty Insurance Policy, the Insurer will pay to The Bank of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Series 2003 Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Corporation (as such terms are defined in the Financial Guaranty Insurance Policy). The Insurer will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which the Insurer shall have received notice of

Nonpayment from the Trustee. The insurance will extend for the term of the Series 2003 Bonds and, once issued, cannot be canceled by the Insurer.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2003 Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2003 Bonds, the Insurer will remain obligated to pay principal of and interest on outstanding Series 2003 Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2003 Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that any payment of principal of or interest on a Series 2003 Bonds which has become Due for Payment and which is made to a Holder by or on behalf of the Corporation has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from the Insurer to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does not insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Financial Guaranty Insurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.

2. payment of any redemption, prepayment or acceleration premium.

3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of Series 2003 Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2003 Bonds to be registered in the name of the Insurer to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to the Insurer.

Upon payment of the insurance benefits, the Insurer will become the owner of the Series 2003 Bond, appurtenant coupon, if any, or right to payment of principal or interest on such Series 2003 Bond and will be fully subrogated to the surrendering Holder's rights to payment.

The Insurer

The Insurer is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately $6,993,000,000 (unaudited) and statutory capital of approximately $4,195,000,000 (unaudited) as of September 30, 2003. Statutory capital consists of the Insurer's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch Ratings have each assigned a triple-A financial strength rating to the Insurer.

The Insurer has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by the Insurer will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by the Insurer under policy provisions substantially identical to those contained in its Financial Guaranty Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor of the Obligations. No representation is made by the

Insurer regarding the federal income tax treatment of payments that are made by the Insurer under the terms of the Financial Guaranty Insurance Policy due to nonappropriation of funds by the County.

The Insurer makes no representation regarding the Series 2003 Bonds or the advisability of investing in the Series 2003 Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by the Insurer and presented under the heading "BOND INSURANCE".

Available Information

The parent company of the Insurer, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York 10005.

Copies of the Insurer's financial statements prepared in accordance with statutory accounting standards are available from the Insurer. The address of the Insurer's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Current Report on Form 8-K dated January 23, 2003 and filed on January 24, 2003;

2. The Company's Current Report on Form 8-K dated February 25, 2003 and filed on February 28, 2003;

3. The Company's Current Report on Form 8-K dated February 25, 2003 and filed on March 4, 2003;

4. The Company's Current Report on Form 8-K dated March 18, 2003 and filed on March 20, 2003;

5. The Company's Current Report on Form 8-K dated March 19, 2003 and filed on March 26, 2003;

6. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and filed on March 28, 2003;

7. The Company's Current Report on Form 8-K dated March 25, 2003 and filed on March 31, 2003;

8. The Company's Current Report on Form 8-K dated April 17, 2003 and filed on April 21, 2003;

9. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2003 and filed on May 15, 2003;

10. The Company's Current Report on Form 8-K dated July 17, 2003 and filed on July 18, 2003;

11. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2003 and filed on August 14, 2003; and

12. The Company's Current Report on Form 8-K dated October 16, 2003 and filed on October 17, 2003.

13. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended September 30, 2003 and filed on November 14, 2003.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "Available Information".

THE INFORMATION RELATING TO THE INSURER AND THE FORM OF ITS FINANCIAL GUARANTY INSURANCE POLICY HAS BEEN FURNISHED BY THE INSURER. SUCH INFORMATION HAS NOT BEEN VERIFIED BY THE CORPORATION, THE CITY, THE TRUSTEE OR THE UNDERWRITERS OR THEIR COUNSEL OR BOND COUNSEL AND IS NOT TO BE CONSTRUED AS A PROMISE OR GUARANTEE AS TO ACCURACY OR COMPLETENESS BY THE CORPORATION, THE COUNTY, THE TRUSTEE, THE UNDERWRITERS OR THEIR COUNSEL OR BOND COUNSEL.

THE LEASED PROPERTY

Under the Lease, the Leased Property comprises (i) the 2003 Leased Property, which includes only a portion of the real and personal property originally financed and leased under the Series 1994 Certificates Being Refunded described under "PLAN OF REFUNDING" (but does not include any of the real and personal property financed and leased under the remaining Certificates Being Refunded or the Leases Being Refunded, all of which will be released to the County), and (ii) the 2001 Leased Property, which includes the real and personal property financed with the proceeds of the Series 2001 Bonds being leased to the County under the Original Lease Agreement.

The 2003 Leased Property

The 2003 Leased Property consists of (i) the County's adult detention facility known as the Estrella Jail Complex (the "Estrella Facility") and (ii) various improvements made to the Estrella Facility.

The Estrella Facility consists of a one and two-story adult detention facility with a total floor area of 148,158 square feet. The structures are located at 2939 West Durango Street, Phoenix, Arizona. The facility has a bed capacity for 880 inmates in both dormitory and cellblock type housing areas and is currently used to house adult inmates, both male and females. The facility is one of the County's principal adult jail facilities and the facility site is currently being used as the location for additional temporary inmate housing in a cluster of canvas tents on concrete slabs, situated in the south and west portions of the site. An appraisal dated February 1, 2001 obtained by the County shows the appraised value of the facility to be $16,118,334.

The 2001 Leased Property

A portion of the Series 2001 Bond proceeds were used by the Corporation to acquire certain parcels of land (the "2001 Leased Land") and improvements thereon (the "Existing Improvements") and to finance a portion of the costs of constructing on the Leased Land (1) the Maricopa County Administration Center (the "Administration Center"), (2) a forensic science center (the "Forensic Science Center"), and (3) a parking garage and customer service center for the Clerk of the Superior Court of Maricopa County (the "Superior Court Customer Service Center," and together with the Administration Center and the Forensic Science Center, the "New Improvements.") The Existing Improvements include the portions of the Forensic Science Center and the Superior Court Customer Service Center were completed on the date of issuance and delivery of the Series 2001 Bonds and also include a previously constructed Security Center Building. A portion of the Series 2001 Bond proceeds, in the amount of $25.00 million, were used to reimburse the County for expenditures previously made by the County on governmental projects not included as part of the 2001 Leased Property.

The 2001 Leased Property is located in downtown Phoenix and is used for essential governmental purposes, including general governmental, administrative and judicial services, some of which are mandated by law.

The Forensic Science Center, containing approximately 60,000 square feet of space and a parking structure with 1,000 parking spaces, includes public service areas, offices and conference rooms for medical examiners and various laboratories. The Forensic Science Center is located on the southwest corner of Jefferson Street and 7th Avenue. The cost of constructing the Forensic Science Center and related improvements was approximately $18.50 million. Construction of the Forensic Science Center was completed in August, 2002.

The Superior Court Customer Service Center is a nine-story building located on the south side of Jackson Street between Fifth Avenue and Seventh Avenue. The first two floors are used to store Clerk of the Superior Court records and provide space for other Court activities. The remaining eight floors contain a parking garage for approximately 1,700 County employees. The cost of the Superior Court Customer Service Center was approximately $23.40 million. Construction was completed in June, 2001.

The County acquired the Security Center Building containing 280,612 gross square feet, in February 2001, at a total cost of approximately $8.93 million. An additional $3.00 million has been spent on capital improvements. The Security Center Building, an historic building originally constructed in the 1920's, is currently to be used by the Public Defender's office. The County plans to spend approximately $6.00 million over the next three years for ADAE compliance and other capital improvements.

The County has completed the acquisition of the 2001 Leased Land and the Existing Improvements and has completed construction of the New Improvements listed above. The remainder of the net proceeds of the Series 2001 Bonds (approximately $50.00 million) are being held in the Acquisition and Construction Fund of which $37.00 million is expected to be used for the Administration Building and $13.00 million is expected to be used for the construction of a Public Health Facility.

The following table shows the current estimated value of the Leased Land and Existing Improvements.

	Value
Administration Center (Land)	$ 4,485,587
Forensic Science Center	18,514,131
Superior Court Customer Service Center & Garage	23,377,354
Security Building	12,050,703
Total	$58,427,775

The County anticipates that it will complete the New Improvements by the end of fiscal year 2003-04

Title Insurance

The Corporation shall provide a title insurance policy in the amount of not less than the principal amount of all Bonds outstanding under the Indenture, insuring the Trustee's interest in the Leased Property under the Lease, subject only to Permitted Encumbrances.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Series 2003 Bonds will be applied as follows:

Sources of Funds:	
Par Amount	$16,880,000.00
Net Original Issue Premium (Discount)	457,155.90
Transfer from Series 1994 Debt Service Reserve Account	3,000,000.00
Transfer from Series 2001 Debt Service Reserve Account	1,461,354.00
Total Sources	$21,798,509.90
Uses of Funds:	
Purchase of Government Obligations and Beginning Cash Deposit to be held by the Depository Trustee	$21,535,225.71
Cost of Issuance (1)	263,284.19
Total Uses	$21,798,509.90

(1) Includes Bond Counsel fees, Depository Trustee, fees, Financial Advisor fees, Underwriters' Compensation, bond insurance premiums, printing costs, rating agency fees and other related costs.

LEASE PAYMENTS

The following schedule reflects the annual payment requirements, paid in semi-annual installments, of the Bonds. Such payments correspond to the Lease Payments, which will be payable by the County pursuant to the Lease on each December 26 and June 26 preceding each January 1 and July 1 payment date on the Bonds. The County anticipates that, with respect to the Bonds, the revenues used to pay Lease Payments under the Lease will originate from the County's General Fund.

Schedule of Lease Payments (a) (c)

Date (July 1,)	Series 2001 Principal	Series 2001 Interest	Series 2003 Principal	Series 2003 Interest (b)	Total Series 2003 Principal and Interest	Total Combined Principal and Interest
2004	$5,780,000	$4,892,860	$3,315,000	$327,571	$3,642,571	$14,315,431
2005	6,065,000	4,622,460	3,250,000	467,500	3,717,500	14,404,960
2006	6,385,000	4,323,260	3,120,000	337,500	3,457,500	14,165,760
2007	6,740,000	3,997,110	1,745,000	212,700	1,957,700	12,694,810
2008	7,020,000	3,711,873	1,580,000	169,075	1,749,075	12,480,948
2009	7,395,000	3,342,135	1,500,000	121,675	1,621,675	12,358,810
2010	7,830,000	2,941,660	1,550,000	72,925	1,622,925	12,394,585
2011	8,265,000	2,513,230	500,000	26,425	526,425	11,304,655
2012	8,710,000	2,063,000	320,000	10,800	330,800	11,103,800
2013	9,205,000	1,592,025				10,797,025
2014	9,700,000	1,085,750				10,785,750
2015	10,265,000	557,050				10,822,050
	$93,360,000		$16,880,000			

(a) The schedule of payment requirements for the Series 2003 Bonds was prepared by U.S. Bancorp Piper Jaffray Inc., Financial Advisor to the County. This schedule has been prepared using actual interest for the Series 2003 Bonds and on the basis of the County's payment of the Lease Payments to the Trustee on December 26 and June 26 preceding each January 1 and July 1 payment date, respectively.

(b) The first payment on the Series 2003 Bonds will be due on July 1, 2004 and will include approximately seven months' interest from the date of the Series 2003 Bonds. Thereafter, payments on the Series 2003 Bonds will be made semiannually on each July 1 and January 1 commencing July 1, 2004. The fiscal year ending June 30 includes lease payments made on December 26 and June 26 of each year.

(c) The holders of the Series 2003 Bonds have no claim on any lease payments other than the Lease Payments under the Lease to be applied to pay the Bonds.

THE CORPORATION

The Corporation is an Arizona nonprofit corporation formed in 1994 for the purpose of acquiring land and constructing thereon various municipal and civic projects to be sold and used by the County and to assist the County in any other municipal financing needs.

The Corporation will enter into the Lease and the Indenture to facilitate the financing or refinancing of the Leased Property. The Corporation is not financially liable for the payment of principal of or interest on the Series 2003 Bonds and the Owners will have no right to look to the Corporation for payment of the Series 2003 Bonds except to the extent of Lease Payments received from the County under the Lease, amounts held under the Indenture or Revenues derived from the Leased Property.

THE COUNTY

Organization

The County is governed by a five-member Board of Supervisors (the "Board of Supervisors" or the "Board"), each of whom is elected for a four-year term to represent one of the designated districts within the County. The chairman is selected by the Board from among its members. The Board is responsible for establishing the policies of the various County departments and approving the annual budgets of these departments. The Board appoints a County Administrative Officer who is responsible for the general administration and overall operation of the various departments of the County.

Brief resumes of the Board Members, County Administrative Officer, Deputy County Administrative Officer and Chief Financial Officer are set forth below.

- *R. Fulton Brock, Chairman.* Mr. Brock was elected to the Maricopa County Board of Supervisors in November 1996, and took office in January 1997. A former State Representative of District Six in the Arizona House of Representatives, Mr. Brock served as Vice-Chairman of the Commerce Committee and member of the Economic Development, International Trade and Tourism, Banking and Insurance and Rules Committees. After graduating from the Centre College of Kentucky with a Bachelor of Science Degree, Mr. Brock worked with Occidental Petroleum; H.B.H. Coal Companies as Assistant to the President; and the Golder Corporation which specializes in commercial real estate. In 1982, Mr. Brock founded LDC, Inc. In less than ten years under his leadership, LDC grew to be the largest privately held telephone/operator service company headquartered in Arizona. Mr. Brock currently serves on the Board of Directors for the Greater Phoenix Economic Council; is a member of the Governor's Regional Airport Advisory Committee and serves on the MAG Regional Development Policy Committee. Mr. Brock has also served as a Board Member for the Phoenix and Valley of the Sun Convention and Visitors Bureau; the Governor's Science and Technology Council; Phoenix Children's Hospital Foundation Board of Directors and the Phoenix Dial Corporation Toastmasters. Mr. Brock's other activities have included the Arizona Management Society; Tempe YMCA fund-raiser; Boy Scouts of America Eagle Scout and Scoutmaster; Pop Warner and Little League Coach; and he is a licensed investment advisor.

- *Andrew W. Kunasek, Board Member.* By the unanimous vote of his fellow members, Mr. Kunasek was appointed to the Board of Supervisors in September of 1997. Mr. Kunasek was subsequently elected by the constituency of District 3 in 1998 and reelected in 2000. He was then elected Chair of the Board for 2000. Mr. Kunasek is an Arizona native and is a graduate of Mountain View High School. He earned a bachelor degree in management from Arizona State University in 1986. Mr. Kunasek has been active in his community having served as treasurer of the Maricopa County Republican Party; Maricopa County Trial Court Selection Committee; Maricopa County Charter Committee; and the Maricopa County Citizens Judicial Advisory Council. He was also a 1996 Delegate to the Republican National Convention. His primary issues are justice and law enforcement, health care, fiscal accountability, responsible land planning, and increasing the size and quality of the County Park System. Mr. Kunasek serves on the Public Lands Steering Committee for National Association of Counties and the Maricopa County Trial Commission.

- *Don Stapley, Board Member.* Mr. Stapley was first elected to the Maricopa County Board of Supervisors in November, 1994. Now in his third term, Mr. Stapley was elected as the 1997 and 2002 chairman of the Board of Supervisors by his colleagues. As a member of the Board of Supervisors, Mr. Stapley represents the county as a member of the Maricopa Association of Governments Transportation Policy Committee and the Regional Public Transit Authority. At the National Association of Counties he has been active on several Task Forces, and has chaired the Large Urban County Caucus for the past 2 years. Mr. Stapley was born in Phoenix and earned a Bachelor of Arts degree from Brigham Young University in Provo, Utah. He is president and general manager of Stapley & Company, a diversified commercial/industrial development firm that specializes in acquisition, planning, financing and marketing of real estate development projects. He also is a general partner with DKS Holdings, a privately held partnership that owns and manages income-producing properties; and president of Arroyo Pacific Investments, Inc., a privately held firm that owns and manages real estate. Mr. Stapley's past community service includes: the Lutheran Health Care Network Board of Directors and Fiscal Affairs Committee for more than 10 years; President of the Mesa Baseline Rotary Club, member of Maricopa

County Board of Adjustments, 1976-1980; Theodore Roosevelt Council of Boy Scouts of America, the Mesa Education Foundation of Mesa Pubic Schools, the Mesa Family YMCA, and the Mesa Eastern Little League.

- *Mary Rose Garrido Wilcox, Board Member.* Ms. Wilcox was re-elected to the Maricopa County Board of Supervisors in November 2000 for a third four-year term. She was recently honored as being the first Hispanic woman to ever serve on the Phoenix City Council and the Maricopa County Board of Supervisors. A fourth generation native of Arizona from a pioneer Latino family, she was born November 21, 1949, in Superior Arizona. A 1967 graduate of Superior High School, she attended Arizona State University majoring in social work. Mary Rose has devoted her career to public service, beginning in 1971 as a field coordinator for housing relocation and job placement for the city of Scottsdale. Within a year, she went on to the Maricopa Manpower Program as a job developer/personnel aide administering job-training programs. She then became a special assistant in U.S. Senator Dennis DeConcini's office from 1977 to 1983. She served as a liaison for business and farming communities to the Small Business Administration and the Farmers Home Administration. Elected to the Phoenix City Council in 1983, she served until June of 1992, when she resigned to run for her present post. Community activities include membership on the boards of the Phoenix Economic Growth Corporation, Phoenix Symphony, Genesis Program, Friendly House, Downtown Phoenix Partnership and the Arizona Hispanic Women's Corporation (founding member in 1983 and executive director 1988-89). She serves as vice chair of the National Association of Counties Community and Economic Development Policy Committee and is a member of the Mexican American Legal Defense and Education Fund (MALDEF). Since 1988 she has been a board member of both the National Council of La Raza (NCLR) and the National Association of Latino Elected and Appointed Officials (NALEO).

- *Max Wilson, Board Member.* By a unanimous vote of his fellow members on February 14, 2002, Max Wilson was appointed to the Maricopa County Board of Supervisors. He was re-elected by the voters in November, 2002 to serve a two-year term. As a prominent member of the West Valley community, Supervisor Wilson is committed to serving District Four. Mr. Wilson graduated from Granite High School in Salt Lake City, Utah. After graduation he enlisted in the United States Air Force and served from 1959 until 1963. After briefly working for Luke Air Force Base, he started his career in real estate and development. Currently, Supervisor Wilson is owner of Arizona Highlands, Inc. and is involved with other land development and real estate companies. As an active member of the West Valley, Mr. Wilson has served as Council Member and Vice Mayor on the Litchfield Park City Council. He is presently on the Arizona Military Airport Preservation Committee, Arizona Board of Realtors, the Maricopa County Board of Health, and the Peeples Valley/Yarnell Historical Society Board of Directors. In 2002, he stepped down from the Diamondbacks Charity Board of Directors and the Sun Health La Loma Board of Directors.

- *David Smith, County Administrative Officer.* Mr. Smith was selected as county administrative officer in October 25, 1994, and assumed responsibilities on December 1, 1994. He succeeded Roy Pederson, who resigned March 3, 1994, and Barbra Cooper, who served in an interim capacity for nine months. Mr. Smith earned a Bachelor of Arts degree in Government from Dartmouth College, Hanover, NH, in 1968; a Master's degree in Public Administration from New York University, New York, NY, in 1976; and a Juris Doctorate degree from Pace University Law School, White Plains, NY, in 1983. After three years with the US Marine Corps Reserve, which included service in Vietnam as a lieutenant, Mr. Smith began his public service career in November 1971, as an administrative officer with Orange County, Goshen, NY. In March 1977, he became director of Intergovernmental Relations for Westchester County, White Plains, NY, then served three years as counsel to the New York State Lieutenant Governor in Albany, NY. From Aug. 1985 to Dec. 1987, he served as assistant city manager for Yonkers, NY. From January 1988 until November 1994, he was deputy county executive, the chief appointed administrative officer, for Erie County, Buffalo, NY. Mr. Smith's professional associations include the American Society for Public Administration and National Association of County Administrators. He served as vice chairman of the New York State Association of Counties' Legislative Committee and is a member of the New York State Bar. Previous and current community activities include serving on the executive board for the Boy Scouts of America's Greater Niagara Frontier Council; the board of the Greater Buffalo Athletic Corporation; and the United Way of Buffalo and Erie County. He currently serves on the Valley of the Sun United Way Board of Directors, Downtown Phoenix Partnership, and Phoenix Community Alliance.

- *Sandra Wilson, Deputy County Administrator.* Ms. Wilson joined Maricopa County on February 16, 1993, after many years in private industry. After four months, she was appointed the Budget Director and began the establishment of a strong budget office. Now, as the Deputy County Administrator, she is remains responsible for the County's budget of just over $2 billion. Ms. Wilson is also responsible for the County's Human Resources, Organizational Planning and Training, Research and Reporting, Health Care Mandates and the Medical Eligibility departments. Ms. Wilson entered her career in private industry with American Express as a customer service supervisor that later led to the planning and development specialist. She was responsible for all short and long-range business plans for the division, which included the coordination of a $90 million operating budget and a $100 million CIP plan. This experience led her to accept the position of Financial Services Director for their Worldwide Technologies Division in 1990, responsible for directing and managing a wide range of financial services for the Worldwide Information Processing and Technologies sector. Ms. Wilson is a native of Arizona, born in Phoenix. In 1982 she received her Bachelors of Science Degree in General Business with an emphasis in Finance and Management from Arizona State University. She earned her Masters of Business Administration from the University of Phoenix in 1988. Additionally, she completed her certification in Human Resource Management from the University of Phoenix in 1997.

- *Tom Manos, Chief Financial Officer.* Mr. Manos joined Maricopa County in 1984 as the Deputy County Auditor. In 1996, he assumed the position of Administrator for the County's Parks and Library Departments. In February of 1998 he was appointed acting Chief Financial Officer and three months later his appointment was made permanent. He is responsible for the County's Finance Department as well as the Risk Management and Materials Management departments. During his tenure as Chief Financial Officer, the County has received three ratings upgrades from the major rating agencies. He is former president of the Arizona Local Government Auditors Association and has been a Board Member of the Phoenix, Downtown YMCA. Tom is a native of Arizona, and graduated from Arizona State University with a Bachelors of Science Degree in Finance. Upon graduation, he served in the Peace Corps, where he worked for the World Bank in Liberia, West Africa.

Economic and Demographic Information

A discussion of economic and demographic information concerning the County is contained in Appendix A hereto.

FINANCIAL MATTERS

Budget Process

The County's Fiscal Year currently begins July 1 and ends the following June 30, coinciding with the State of Arizona's fiscal calendar. The County's budget process is an ongoing process. Each Fiscal Year's process starts in early December of the prior Fiscal Year with an analysis of revenue and expenditure data from the first half of the current Fiscal Year. A preliminary forecast of economic conditions for the next Fiscal Year, including revenue projections, is then made. These forecasts and projections are based on national, state and local economic trends as well as the analyses by the County's budget office.

The next step is a preliminary estimate of maximum expenditure levels for the County as a whole. This, in turn, is the basis for the development of budget policies that provide County administrators and managers at all levels with a philosophical starting point from which to reallocate funds to match program priorities. All budget policies are directed and approved by the Board.

Budget policies are then sent to all department directors in February. By mid-February, the County budget office conducts a budget workshop to brief the department directors and departmental budget analysts on the budget preparation process. During this meeting, department directors and departmental budget analysts are able to clarify any questions regarding current year budget policies as set forth by the Board. A budget calendar, which summarizes the process and provides the time frame for milestones and deadlines, is also provided to the departments.

Departmental budget requests for appointed departments are then completed and submitted to the Budget Office for review and approval. Elected officials submit their department budgets to the Board via the County Administrative Officer and the County's Budget Office. The final departmental budget requests are submitted to the Board as the

Tentative Budget in early June. The exact date of presentation of the Tentative Budget is contingent upon the adjournment of the state legislature, since additional mandates may require the County to modify the budget. The Tentative Budget, which sets the maximum expenditure and revenue limits for the Fiscal Year, is then approved by the Board. The final budget is adopted by late July following a public hearing, followed by the setting of property tax rates by the third Monday in August. The adopted property tax rate must be sufficient together with other revenues to cover the expenditure total in the approved annual budget.

Expenditure Limitation

The County is subject to an annual expenditure limitation which is set by the Arizona Economic Estimates Commission. This limitation is based on the County's annual expenditures for Fiscal Year 1979-80, with this base adjusted to reflect interim population, cost of living and boundary changes. Certain expenditures are specifically exempt from the limit, including expenditures made from federal funds and bond sale proceeds, as well as debt service payments. The limitations can be exceeded for certain emergency expenditures or if approved by the voters. The Constitutional provisions which relate to the expenditure limitation provide three processes to exceed the spending limit: a permanent base adjustment, a one-time override, and a capital project accumulation. In Fiscal Year 2002-03, the expenditure limitation for the County was $789,987,771. Actual County expenditures subject to the limitation were less than the limit. The County's expenditure limitation for Fiscal Year 2003-04 is $825,529,316. Based on the County's budgeted expenditures for the 2003-04 Fiscal Year, expenditures subject to the limitation are expected to be less than the limit.

Tax Levy Limit

The County is also subject to an ad valorem tax levy limit concerning its operational budget. The Arizona Constitution provides that "the maximum amount of ad valorem taxes levied by any county shall not exceed an amount two per cent greater than the amount levied in the preceding year." The limit does not apply to: (1) debt service for bonds or other lawful long-term obligations (not including the Series 2003 Bonds), (2) taxes levied for support of schools, or (3) other immaterial exceptions.

The statutory provision implementing the Constitutional provision allows for the inclusion of new property not formerly taxed and permits the County to take new construction into consideration when setting the levy limit. Therefore, the amount which may be raised through ad valorem taxes in any tax year may exceed two percent of the levy for the prior tax year.

Property Taxes, Bonded Indebtedness and Other Financial Data

For a discussion of County property taxes, assessed valuation, debt limits, bonded indebtedness and other financial data see Appendix B.

THE COUNTY'S GENERAL FUND

The table below set forth the annual revenues, expenditures, including expenditures that are exempt from the County's annual expenditure limit, and year-end balances for the County's general fund (the "General Fund") from applicable audited financial statements and adopted budgets of the County. Information in the following tables represent such audited and budgeted financial information and is not to be construed in any fashion as an indicator of future results.

General Fund
Revenues, Expenditures and Fund Balance

	1997-98	1998-99	1999-00	2000-01	2001-02	Unaudited 2002-03	Budgeted 2003-04 (1) (2)
Revenues/ Sources	$665,404,549	$720,049,539	$677,720,385	$716,486,690	$803,354,886	$806,738,766	$1,059,678,297
Expenditures/Uses	638,364,186	686,850,269	664,001,049	731,291,337	714,980,596	768,701,269	1,059,678,297
Fund Balance	119,759,685	145,038,481	160,804,655	161,202,389	254,122,264	292,657,135	0

(1) The County General Fund is required by applicable law to have a balanced budget (i.e. a zero year end fund balance). Actual figures may vary significantly from budgeted figures shown here (including the resulting year end fund balance). As forward looking statements, such amounts should be reviewed with an abundance of caution.

(2) Includes beginning fund balance.

County Operating Funds
Total Fund Balance/Equity

	1997-98	1998-99	1999-00	2000-01	2001-02	Unaudited 2002-03	Budgeted 2003-04 (1)
General Fund	$119,759,685	$145,038,481	$160,804,655	$161,202,389	$254,122,264	$292,657,135	0
Internal Service Funds (2)	(555,305)	(15,562,347)	(15,204,515)	(10,895,605)	(11,507,860)	(5,964,141)	$ 20,531,685
Enterprise and Health Funds	77,334,679	94,414,687	116,308,644	120,664,545	126,740,890	126,146,843	14,819,684
Total Fund Balance/Equity	$196,539,059	$223,890,821	$261,908,784	$270,971,329	$369,355,294	$412,839,837	$35,351,369

(1) The County General Fund is required by applicable law to have a balanced budget (i.e. a zero year end fund balance). Actual figures may vary significantly from budgeted figures shown here (including the resulting year end fund balance). As forward looking statements, such amounts should be reviewed with an abundance of caution.

(2) Negative balances in the Internal Service Funds reflect actuarially determined closing estimates recognized but not funded. The County carries commercial insurance for general and automobile liability in excess of $5,000,000 per occurrence and medical malpractice liability in excess of $5,000,000 per occurrence. Settled claims have not exceeded this commercial coverage since the inception of these insurance policies. Payment of workers' compensation benefits is self-funded up to $1,000,000 per occurrence.

RISK FACTORS

The purchase of the Series 2003 Bonds involves certain investment risks that are discussed throughout this Official Statement. Accordingly, each prospective purchaser of the Series 2003 Bonds should make an independent evaluation of all the information presented herein. The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Series 2003 Bonds.

Limited Obligation. The obligation of the County to pay the Lease Payments will not be secured by the levy or pledge of any tax or any other funds and does not constitute a debt or indebtedness of the County or the State within the meaning of any constitutional or statutory debt limitation or restriction. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2003 BONDS." The Lease Payments will be payable by the County, subject to annual budgeting and appropriation, from the County's General Fund. See "THE COUNTY'S GENERAL FUND."

No Pledge of County Funds. No funds or revenues of the County will be pledged, obligated or restricted for the payment of the Lease Payments on the Series 2003 Bonds. In addition, the County has the right to refuse to appropriate funds and thus terminate the Lease for any reason including inadequacy of the Leased Property. Were the County to refuse to appropriate funds and thereby terminate the Lease, there can be no assurance that the Trustee would have adequate funds under the Indenture to pay the principal of and interest on the Bonds, including the Series 2003 Bonds.

Additional Bonds and Other Obligations of County. The County has the capacity to enter into other obligations which are payable from the same funds or revenues it will use to make the Lease Payments. To the extent that additional obligations are incurred by the County, the funds available to make the Lease Payments may be decreased. The Lease will impose no restrictions upon the ability of the County to incur such additional obligations. In addition, the Indenture sets forth conditions for the issuance of Additional Bonds which would be on a parity of lien with respect to the Lease Payments as well as the Leased Property. See Appendix D "SUMMARY OF LEGAL DOCUMENTS – The Indenture – Authorization and Terms of Series 2003 Bonds; Additional Bonds – *Section 2.04 – Issuance of Additional Bonds.*"

Termination of Lease. In addition to termination of the Lease upon non-appropriation of funds as described herein under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2003 BONDS – Non-appropriation;" several other events may lead to a termination of the Lease:

(1) an Event of Default on the part of the County and an election by the Trustee (with the consent of Ambac Assurance) to terminate the Lease (see Appendix D – SUMMARY OF LEGAL DOCUMENTS – The Lease – *Section 15 - Defaults and Remedies;*"

(2) the taking of all of the Leased Property under the power of eminent domain described below; and

(3) violation of certain State statutes pertaining to conflicts of interest described below.

If the Event of Default under the Lease occurs, the Trustee may (with the consent of the Insurer) terminate the Lease and relet or sell the Leased Property (after conveyance from the Corporation) or direct the Corporation to relet or sell the Leased Property. The Net Proceeds from the re-leasing or sale of the Leased Property, together with other monies then held by the Trustee under the Indenture including the monies, if any, then in the 2001 Acquisition and Construction Fund and the Reserve Fund, will be required to be used under the Indenture to pay the principal of and interest on the Series 2003 Bonds as it becomes due, to the extent of such monies. No assurance can be given that the amount of such funds would be sufficient to pay all Series 2003 Bonds when due.

The County will be required in the Lease to purchase and maintain property insurance or self-insurance on the Leased Property in amounts not less than the full replacement cost of the Leased Property. The Lease will require that, in the event of damage or destruction of the Leased Property, insurance proceeds will be applied to the replacement of the Leased Property or, in certain circumstances, for the special redemption of all or a portion of the Bonds, including the Series 2003 Bonds. See Appendix D – SUMMARY OF LEGAL DOCUMENTS – The Lease – *Section 10 – Insurance*."

In the event that the Leased Property has been taken in whole pursuant to such eminent domain proceedings, all Net Proceeds, together with monies, if any, then on hand in funds held by the Trustee including the Reserve Fund, will be applied to the special redemption of the Bonds, including the Series 2003 Bonds, and the Lease will terminate on the date possession is taken from the County. No assurance can be given that the Net Proceeds of eminent domain and other monies available under the Indenture will be sufficient to redeem all of the Outstanding Series 2003 Bonds.

In the event that the Lease is terminated, the Trustee will be authorized to re-lease or sell the Leased Property (after conveyance from the Corporation) or direct the Corporation to relet or sell the Leased Property and to apply the proceeds therefrom toward the payment of the Bonds, including the Series 2003 Bonds. It could be difficult to find a lessee or purchaser for the Leased Property and, upon any event of termination of the Lease or default by the County under the Lease, the Trustee may not realize sufficient monies from the re-leasing or sale of the Leased Property to provide for the payment of the Bonds, including the Series 2003 Bonds, in full with interest to the scheduled dates of payment. No assurance can be given that the proceeds from any release, sale or other disposition of the Leased Property will be sufficient to pay the principal of and interest represented by the Series 2003 Bonds. Furthermore, in the event of termination, there is no assurance that the interest on the Series 2003 Bonds paid from sources other than the County will remain excludable from gross income for federal income tax purposes. See "TAX EXEMPTION."

The Lease will obligate the County to lease the Leased Property which is comprised of facilities which are to be used solely for lawful activities in which the County may engage and is, thus, a contract to pay for facilities of a governmental nature. The agreement to budget and appropriate the Lease Payments in future Fiscal Years may, therefore, be governmental in nature. Arizona courts have held that governing bodies such as the County Board of Supervisors cannot bind future governing bodies to perform governmental functions or activities. Thus, notwithstanding the commitment of the County to budget and appropriate the Lease Payments, to the extent permitted by law, such commitment may not be binding on future County Boards of Supervisors. Moreover, changes in the membership and political philosophies of the County Board of Supervisors may occur, and it cannot be determined at this time if future members of the County Board of Supervisors might refuse to budget sufficient amounts to make the Lease Payments in future Fiscal Years.

As required by the provisions of Section 38-511, Arizona Revised Statutes, as amended, the County may, within three years after its execution, cancel any contract including the Indenture and the Lease (collectively, the "Financing Documents"), without penalty or further obligation, made by the County if any person significantly involved in initiating, negotiating, securing, drafting, or creating the Financing Documents on behalf of the County (a "County Representative") is, at any time while the Financing Documents or any extension thereof are in effect, an employee of any other party to the Financing Documents in any capacity or a consultant to any other party of the Financing Documents with respect to the subject matter thereof. The cancellation shall be effective when written notice from the County Board of Supervisors is received by all other parties to the Financing Documents unless the notice specifies a later time.

Bond Counsel is not rendering an opinion as to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to the transfer of any Series 2003 Bonds in the event payments are received from sources other than funds made available by the County as a result of termination of the Lease for any reason. If the Lease is terminated while the Series 2003 Bonds are outstanding, there is no assurance that after such termination Series 2003 Bonds may be transferred by an Owner without compliance with the registration provisions of the Securities Act of 1933, as amended, or that an exemption from such registration is available.

Limitations on Remedies. Due to the special purpose nature of the Leased Property and the limited number of potential users of the Leased Property, no assurance can be given that the proceeds from any re-leasing or sale of the Leased Property will be sufficient to pay in full all Outstanding Series 2003 Bonds. The enforcement of any remedies provided in the Lease and the Indenture could prove both expensive and time consuming. In addition, the enforceability of the Lease and the Indenture will be subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, and the police powers of the State and its political subdivisions. Because of delays inherent in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in the ability of the Trustee to obtain possession of the Leased Property upon termination of the Lease or exercise of remedies upon default by the County may result in delays in payment of the Series 2003 Bonds.

Although the Lease and the Indenture provide that the Trustee may take possession of the Leased Property and release or sell the Leased Property (after conveyance from the Corporation) or direct the Corporation to take such action if there is a default by the County thereunder or if the County terminates the Lease and the Lease provides that the Trustee may have such rights of access to the Leased Property as may be necessary to exercise any remedies, no assurance can be given that revenues from the Trustee's reletting or sale of the Leased Property would be sufficient to pay in full all Outstanding Bonds, including the Series 2003 Bonds.

Upon the termination of the Lease or if the County defaults in its obligation to make Lease Payments thereunder, the County, pursuant to the Lease, will promptly return possession of the Leased Property to the Trustee within 45 days of written notice. In an event of default, the Trustee will be required, if the Insurer is in default in its obligation under the Financial Guaranty Insurance Policy, to take action to force the County to surrender possession of the Leased Property. However, under the terms of the Indenture, the Trustee will not be under any obligation to take any other action if the Trustee determines that to do so exposes the Trustee to a risk of financial liability (including environmental liability) for which it reasonably believes it is not adequately indemnified. Prior to taking other actions under the Indenture, the Trustee may request assurances, such as an additional environmental audit, that it will not incur liability by reason of any other action taken by the Trustee pursuant to the Indenture.

Other Considerations. Arizona counties are required by Arizona law to provide certain levels of indigent health care. The costs of such care may increase, requiring greater contributions from the General Fund. The effect of such increases on the County's continued ability to appropriate the Lease Payments in future Fiscal years cannot be determined at this time.

On November 4, 2003 voters of the County authorized the creation of a healthcare district in the County. The health care district will assume responsibility for continuing hospital, trauma, emergency and Arizona Burn Center services in the County, and has authorized a tax levy of an annual secondary property tax not to exceed $40 million, with inflationary adjustment, for a period not to exceed twenty years.

The audited financial statements of the County included in APPENDIX C hereto are for the Fiscal Year ended June 30, 2002, and are the most recent audited financial statements available for the County.

LITIGATION

To the knowledge of the appropriate representatives of the Corporation and County, no litigation or administrative action or proceeding is pending or threatened restraining or enjoining, or seeking to restrain or enjoin, the execution or delivery of the Series 2003 Bonds or contesting or questioning the proceedings and authority under which the Series 2003 Bonds have been authorized and are to be executed, sold or delivered, or the validity of the Series 2003 Bonds. To the knowledge of the appropriate representatives of the Corporation and County, no litigation or administrative action or proceeding is pending or threatened contesting or questioning the authority for, or restraining or enjoining, or seeking to restrain or enjoin, the execution, delivery or performance of (i) the Lease or the acquisition of the Leased Property or the payment of Lease Payments or other amounts pursuant thereto, or (ii) the Indenture.

LEGAL MATTERS

Legal matters incident to the execution and delivery of the Series 2003 Bonds and with regard to the tax-exempt status of the interest on the Series 2003 Bonds (see "TAX EXEMPTION") will be subject to the legal opinion of Greenberg Traurig, LLP, whose services as Bond Counsel have been retained by the County. The signed legal opinion of Greenberg Traurig, LLP, dated and premised on the law in effect as of the date of original delivery of the Series 2003 Bonds, will be delivered to the County at the time of original delivery.

The proposed text of the legal opinion is set forth as Appendix F. The legal opinion to be delivered may vary from the text of Appendix F if necessary to reflect the facts and law existing on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Bond Counsel has reviewed or expressed any opinion concerning any matters relating to the Series 2003 Bonds subsequent to the original delivery of the Series 2003 Bonds. Certain legal matters will be passed upon for the Underwriters by Snell & Wilmer L.L.P., Counsel to the Underwriters.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Series 2003 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Corporation and the County have covenanted to comply with all requirements that must be satisfied in order for interest on the Series 2003 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause the interest on the Series 2003 Bonds to become includible in gross income for federal income tax purposes retroactively to the date of delivery of the Series 2003 Bonds.

Subject to the Corporation's and the County's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, the interest on the Series 2003 Bonds is not includible in the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest on the Series 2003 Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations and in computing the "branch profits tax" imposed on certain foreign corporations. Bond Counsel will not express any opinion as to the status of interest on the Series 2003 Bonds for federal or Arizona income tax purposes paid from funds received under Lease other than from funds made available by the County as a result of termination of the County's obligations thereunder.

In rendering its opinion, Bond Counsel will rely upon certifications of the Corporation and the County with respect to certain material facts solely within the Corporation's and the County's knowledge, including application of the proceeds of the Obligations Being Refunded. Bond Counsel will also rely upon the report of Grant Thornton, LLP as to the yield on the Series 2003 Bonds and the adequacy of the Government Obligations in the Depository Trust to pay when due at prior redemption the principal, interest and premium, if any, related to the Obligations Being Refunded. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code") includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (excluding S Corporations, Regulated Investment Companies, Real Estate Investment Trusts, REMICs and FASITs) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax exempt interest, including interest on the Series 2003 Bonds.

Under the provisions of Section 884 of the Code, a branch profits tax is levied on the "effectively connected earnings and profits" of certain foreign corporations, which include tax-exempt interest such as interest on the Series 2003 Bonds.

Ownership of the Series 2003 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2003 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

If a Series 2003 Bond is purchased at any time for a price that is less than the Series 2003 Bond's stated redemption price at maturity, the purchaser will be treated as having purchased a Series 2003 Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series 2003 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series 2003 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series 2003 Bonds.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Series 2003 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Series 2003 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

In the opinion of Bond Counsel, the interest on the Series 2003 Bonds is exempt from present State of Arizona income taxation as long as such interest is excluded from gross income for federal income tax purposes Ownership of the Series 2003 Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2003 Bonds. Prospective purchasers of the Series 2003 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

ORIGINAL ISSUE DISCOUNT

The initial offering price of the Series 2003 Bonds maturing on July 1 in the years 2011 and 2012 (collectively, the "Discounted Bonds") is less than the principal amount payable at maturity. The difference between the Issue Price of each maturity of the Discounted Bonds and the amount payable at maturity is original issue discount. The issue price (the "Issue Price") for each maturity of the Discounted Bonds is the price at which a substantial amount of such maturity of the Discounted Bonds is first sold to the public. The Issue Price of each maturity of the Discounted Bonds is expected to be the amount set forth on the cover page hereof, but is subject to change based on actual sales.

For an investor who purchases a Discounted Bond in the initial public offering at the Issue Price for such maturity and who holds such Discounted Bond to its stated maturity, subject to the condition that the Corporation and the County comply with the covenants discussed under "TAX EXEMPTION" above, (a) the full amount of original issue discount will constitute interest which is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and (b) such owner will not realize taxable capital gain or market discount upon payment of such Discounted Bond at its stated maturity. Such interest is not included as an item of tax preference in computing an adjustment used in determining the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year.

If a Discounted Bond issued with original issue discount is purchased at any time for a price that is less than the Discounted Bond's Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased such Discounted Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Such treatment would apply to any purchaser who purchases such Discounted Bond for a price that is less than its Revised Issue Price.

Owners of Discounted Bonds who dispose of Discounted Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Discounted Bonds in the initial public offering, but a price different from the Issue Price or purchase Discounted Bonds subsequent to the initial public offering should consult their own tax advisors. Owners of Discounted Bonds issued with original issue discount should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such Discounted Bonds.

ORIGINAL ISSUE PREMIUM

An investor may purchase a Series 2003 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Series 2003 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. As bond premium is amortized, it reduces the investor's basis in the Series 2003 Bond. Investors who purchase a Series 2003 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Series 2003 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of a Series 2003 Bond.

RATINGS

Moody's Investors Service ("Moody's") and Fitch Ratings ("Fitch") have assigned ratings of "Aaa" and "AAA" to the Series 2003 Bonds, respectively with the understanding that the Financial Guaranty Insurance Policy will be delivered by the Bond Insurer simultaneously with the issuance of the Series 2003 Bonds. Additionally, underlying ratings of "A1", and "AA" have been assigned to the Series 2003 Bonds by Moody's and Fitch, respectively. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 99 Church Street, New York, New York 10007 and Fitch Ratings., One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2003 Bonds.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Series 2003 Bonds from the Corporation at a purchase price of $17,294,828.84, pursuant to a bond purchase contract (the "Bond Purchase Contract") entered into among the Corporation, the County and the Underwriters. The aggregate purchase price reflects compensation to the Underwriters of $42,327.06. The Bond Purchase Contract provides that the Underwriters will purchase all of the Series 2003 Bonds so offered if any are purchased. The Underwriters may offer and sell the Series 2003 Bonds to certain dealers (including dealers depositing Series 2003 Bonds into unit investment trust) and others at prices higher than or yields lower than the public offering prices set forth on the cover page of this Official Statement. The initial offering prices set forth on the cover page may be changed, from time to time, by the Underwriters.

CERTIFICATION CONCERNING OFFICIAL STATEMENT

The closing documents will include certificates confirming that, to the best knowledge, information and belief of the appropriate representatives of the Corporation and the County, the description and statements contained in this Official Statement relating to the Corporation and the County and its operation and properties were at the time of the sale, and are at the time of closing, true, correct and complete in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein in order to make the statements, in light of the circumstances under which they are made, not misleading. In the event this Official Statement is supplemented or amended to the date of delivery of the Series 2003 Bonds, the foregoing confirmation will also encompass such supplements or amendments.

CONTINUING SECONDARY MARKET DISCLOSURE

The County will enter into a Continuing Disclosure Undertaking (the "Undertaking") with respect to the Series 2003 Bonds for the benefit of the beneficial owners of such Series 2003 Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The specific nature of the information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Undertaking, are set forth in "Appendix G – FORM OF CONTINUING DISCLOSURE UNDERTAKING."

A failure by the County to comply with the Undertaking will not constitute a default under the Lease or the Indenture and owners of the Series 2003 Bonds are limited to the remedies described in the Undertaking. See "Appendix G – FORM OF CONTINUING DISCLOSURE UNDERTAKING." A failure by the County to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2003 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2003 Bonds and their market price.

Pursuant to Arizona law the ability of the County to provide information pursuant to such covenants is subject to annual appropriation to cover the costs of preparing and mailing the Annual Reports and the Notices of Material Events to each Nationally Recognized Municipal Securities Information Repository and to any state information depository established by the State. Should the County not comply with such covenants due to a failure to appropriate, the County has covenanted to provide notice of such fact to each Nationally Recognized Municipal Securities Information Repository and to any state information depository established by the State. Absence of continuing disclosure due to non-appropriation could adversely affect the Series 2003 Bonds and specifically their market price and transferability.

The County is in compliance with all previous undertakings.

GENERAL PURPOSE FINANCIAL STATEMENTS

The general purpose financial statements of the County, as of June 30, 2002 and for the fiscal year then ended, which are included as Appendix C of this Official Statement, have been audited by the Office of the Auditor General of the State of Arizona, as stated in their opinion which appears in Appendix C. The County neither requested nor obtained the consent of the Office of the Auditor General, State of Arizona, to include their report and the Auditor General, State of Arizona, has performed no procedures subsequent to rendering their opinion on the financial statements.

ADDITIONAL INFORMATION

Additional information and copies of this Official Statement, the Indenture, and the Lease may be obtained from U.S. Bancorp Piper Jaffray Inc., 2525 East Camelback Road, Suite 900, Phoenix, Arizona 85016, Financial Advisor to the County, telephone number (602) 808-5423.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these statements have been or will be realized. Information in this Official Statement has been derived from the records of the County and other sources and is believed by the County and the Corporation to be accurate and reliable. Information other than that obtained from official records of the County and the Corporation has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

Neither this Official Statement nor any statements that may have been or that may be made orally or in writing are to be construed as a part of a contract with the original purchasers or subsequent owners of the Series 2003 Bonds.

This Official Statement has been prepared by the County and executed for and on behalf of the Corporation by its President and for and on behalf of the County by its Chief Financial Officer, respectively, as indicated below.

MARICOPA COUNTY PUBLIC
FINANCE CORPORATION

By: /s/ Shelby Scharbach
President

MARICOPA COUNTY, ARIZONA

By: /s/ Tom Manos
Chief Financial Officer

MARICOPA COUNTY, ARIZONA

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The County was named after the Maricopa Indian tribe and was formed as the fifth county of Arizona in 1871. The principal geographic features of the County consist of the expansive river valleys of the Salt and Gila Rivers and a number of rugged mountain ranges scattered throughout the County.

The County encompasses approximately 9,222 square miles, 98 square miles of which is water. Approximately 71% of the County's land is under federal, state or other governmental control with approximately 29% of the land being privately owned.

LAND OWNERSHIP
Maricopa County, Arizona

Control/Ownership	Approximate Percent of County
Individual or Corporate	29%
U.S. Bureau of Land Management	28
Other Public Lands	16
State of Arizona	11
U.S. Forest Service	11
Indian Reservation	5

Source: *Arizona County Profiles,* Arizona Department of Commerce, May 2003.

The heart of the County is the Salt River Valley, which runs approximately 40 miles east to west and 20 miles north to south. The Valley's level terrain is conducive to both agriculture and industry. Located within the County are the City of Phoenix, the State capitol, and the following cities: Avondale, Chandler, Glendale, Goodyear, Litchfield Park, Mesa, Peoria, Scottsdale, Tempe and Agua Fria; the towns of Buckeye, Carefree, Cave Creek, Fountain Hills, Gila Bend, Guadalupe, Gilbert, Paradise Valley, Queen Creek, Surprise, Wickenburg and Youngtown; and the unincorporated retirement communities of Sun City and Sun City West along with several smaller communities. Metropolitan Phoenix is the population center of Arizona with well over 2.9 million residents, which is over 50% of the population of the State.

The following table illustrates respective population statistics for the State, the County and cities that principally comprise the greater metropolitan Phoenix area.

POPULATION STATISTICS

	State of Arizona	Maricopa County	City of Phoenix	City of Mesa	City of Glendale	City of Scottsdale	City of Tempe	City of Chandler
2002 Estimate	5,472,750	3,296,250	1,365,675	427,550	227,495	214,090	159,425	194,390
2000 Census	5,130,632	3,072,149	1,321,045	396,375	218,812	202,705	158,625	176,581
1995 Special Census	4,228,900	2,551,765	1,149,417	338,117	182,615	168,176	153,821	132,360
1990 Census	3,665,228	2,122,101	983,403	288,091	148,134	130,069	141,865	90,533
1985 Special Census	3,187,000	1,837,956	881,640	239,587	122,392	108,447	132,942	63,855
1980 Census	2,716,633	1,509,262	789,704	152,453	97,172	83,364	106,743	29,673
1970 Census	1,775,399	971,228	582,500	62,853	36,228	67,823	63,550	13,763

Source: U.S. Census Bureau, Census 2000 and Arizona Department of Economic Security, *Population Statistics Unit, Research Administration.*

Economy

The County's economy is based on high technology manufacturing, light manufacturing and commercial activities (including construction and trade), tourism, government and agriculture.

The following tables illustrate the employment structure in the County.

EMPLOYMENT (a)
Maricopa County, Arizona

	1999	2000	2001	2002	2003(b)
Manufacturing	161,800	162,700	150,300	135,800	128,000
Mining & Quarrying	1,100	1,100	1,100	1,200	1,200
Construction	112,300	115,500	126,700	123,800	125,700
Trade, Transportation, Communications And Public Utilities	435,600	453,000	318,200	318,600	318,800
Finance, Insurance and Real Estate	118,000	124,000	128,800	129,400	129,200
Services and Miscellaneous	486,200	518,100	645,800	648,000	661,000
Government	172,100	178,800	188,600	195,600	194,200
Total	1,487,100	1,553,100	1,559,500	1,552,400	1,558,100

(a) Figures may not total due to rounding.
(b) Data is the County average through September 2003.

Source: State of Arizona Department of Economic Security, Bureau of Information and Research Analysis, Labor Force Statistical Unit.

The following table illustrates the unemployment averages for the County, the State and the United States.

UNEMPLOYMENT AVERAGES

Year	Maricopa County	State of Arizona	United States
2003*	5.2%	5.6%	6.1%
2002	5.6	6.2	5.8
2001	3.8	4.5	4.4
2000	2.6	3.9	4.0
1999	2.8	4.2	4.2
1998	2.6	4.0	4.5
1997	3.0	4.6	5.0
1996	3.6	5.5	5.4

* Data through September 2003.

Source: State of Arizona Department of Economic Security, Bureau of Information and Research Analysis, Labor Force Statistical Unit.

Employers

A partial listing of major manufacturers within the County and the Phoenix Metropolitan area are given in the following table.

MAJOR MANUFACTURING EMPLOYERS
Maricopa County, Arizona (a)

Manufacturer	Product	Approximate Number of Employees (b)
Honeywell, Inc.	Airborne electronic systems	13,000
Motorola, Inc.	Electronic manufacturing	10,000
Intel Corporation	Semiconductor products	10,000
The Boeing Co.	Aircraft manufacturing	4,300
Shamrock Foods Co.	Fresh and frozen dairy products	1,643
United Metro Materials	Sand, gravel, asphalt and concrete	1,564
TRW	Automotive airbags	1,500
Karsten Manufacturing Corp.	Golf Equipment	1,021
Cavco Industries LLC	Manufactured Homes	996
Belden Communications Div.	Telecommunication products	961

(a) None of the County, the Underwriters or their counsel or advisors have made any investigation of the current or future employment needs or expectations for any of the employers shown. Some such employers are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the NYSE at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR data base at http://www.sec.gov. None of the County, the Underwriters or their counsel or advisors have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

(b) Full-time equivalent employees.

Source: The Book of Lists 2003, *The Business Journal, Arizona's Workforce,* Industry Update.

A partial list of major non-manufacturing employers is shown below.

MAJOR NON-MANUFACTURING EMPLOYERS
Maricopa County, Arizona (a)

Employer	Type of Business	Approximate Number of Employees (b)
State of Arizona	Government	49,849
Wal-Mart Stores, Inc.	Retail stores	15,895
Maricopa County	Government	15,523
Banner Health System	Health care	15,521
The Kroger Co.	Retail stores	13,500
City of Phoenix	Government	13,156
U.S. Postal Service	Mail services	11,406
Arizona State University	University	9,754
America West Holdings Corp.	Airline	9,300
Safeway Inc.	Grocery Stores	9,100

(a) None of the County, the Underwriters or their counsel or advisors have made any investigation of the current or future employment needs or expectations for any of the employers shown. Some such employers are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the NYSE at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at http://www.sec.gov. None of the County, the Underwriters or their counsel or advisors have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

(b) Full-time equivalent employees.

Source: *The Book of Lists 2003,* The Business Journal.

Construction

The following charts illustrate a building permit summary for residential and non-residential construction and new housing starts for the County.

VALUE OF BUILDING PERMITS
Maricopa County, Arizona
($000's omitted)

Year	Residential	Commercial	Industrial	Other	Total
2003 (a)	$3,234,515	$ 712,424	$ 52,941	$ 701,530	$4,701,410
2002	5,750,850	1,620,722	86,044	1,231,003	8,688,619
2001	5,088,241	2,256,850	345,985	1,641,521	9,332,597
2000	4,774,188	2,144,767	253,472	1,493,186	8,665,613
1999	5,142,869	1,878,629	210,676	1,092,337	8,324,511
1998	4,778,571	2,230,445	378,141	1,101,269	8,488,426
1997	3,903,540	1,840,324	233,598	1,133,849	7,111,311

(a) Data through second quarter 2003.

Source: *Arizona Business,* Arizona State University Bureau of Business and Economic Research. Note that the Bureau obtains its data from county and municipal divisions which issue such permits. Construction is valued on the basis of estimated costs, not on market price or value of construction at the time the permit is issued. The date on which the permit is issued is not to be construed as the date of construction.

NEW HOUSING STARTS
Maricopa County, Arizona

Year	Total New Housing Units
2003 (a)	22,636
2002	43,826
2001	43,732
2000	43,908
1999	47,406
1998	47,801
1997	42,568

(a) Data through second quarter 2003.

Source: *Arizona Business,* Arizona State University Bureau of Business and Economic Research. Note that the Bureau obtains its data from county and municipal divisions, which issue such permits. The date on which the permit is issued is not to be construed as the date of construction.

The following chart illustrates the number of new and resale homes that have been sold in each calendar year and the median price of these homes.

NUMBER OF HOME SALES AND MEDIAN PRICE
Maricopa County, Arizona

Calendar Year	Number of Home Sales	Median Price
2002	106,535	$144,500
2001	103,130	137,500
2000	97,620	131,000
1999	98,730	124,900
1998	94,160	117,000
1997	82,110	111,220
1996	81,020	106,690

Source: *Arizona Business*, Center for Business Research, College of Business, Arizona State University, December 2002.

Median Household Income

Effective Buyer Income ("EBI") is defined as money income less personal income tax and non-tax payments, such as fines, fees or penalties. The following table summarizes historical median household EBI for the United States of America, State of Arizona and Maricopa County.

Year	United States of America	State of Arizona	Maricopa County
2002	$38,365	$36,570	$42,286
2001	39,129	33,033	36,710
2000	37,233	31,421	34,857
1999	35,377	30,233	33,233
1998	34,618	29,711	32,585
1997	33,482	28,923	31,932
1996	32,238	27,733	30,609

Source: "2003 Survey of Buying Power", Sales and Marketing Management Magazine, July 2003.

Agriculture

The County is presently the leading producer of agricultural and livestock products in Arizona in terms of both total producing acreage and total cash receipts from agricultural marketings. The County is the largest producer of livestock, cotton, wheat, alfalfa and potatoes in the State, and the second leading producer of citrus products and vegetables.

CASH RECEIPTS FROM AGRICULTURAL MARKETING
Total Crops and Livestock
Maricopa County, Arizona
($000's omitted)

Year	Cash Receipts
2002	$792,307
2001	886,169
2000	760,613
1999	807,701
1998	835,808
1997	772,375
1996	793,403

Source: *2002 Arizona Agricultural Statistics,* Arizona Crop and Livestock Reporting Service, September 2003.

Service/Tourism

Nearly one-third of all the County businesses are in the services sector, and the service payroll is second to manufacturing. The County has developed into a major tourism center and the tourism industry contributes strongly to service employment. Most of the tourist dollars are being spent for food, lodging and gasoline within the County. Excellent tourist accommodations, diverse cultural activities and a favorable climate attract millions of visitors to the area annually. The County's proximity to many of Arizona's scenic attractions, Phoenix convention facilities, Nevada, California and Mexico make it a natural tourism center for the entire Southwest. The following table illustrates taxable lodging sales for the County.

TAXABLE LODGING SALES
Maricopa County, Arizona
($000's omitted)

Year	Amount
2003*	$ 754,813
2002	994,180
2001	1,129,645
2000	1,132,424
1999	1,027,907
1998	1,013,242
1997	955,462
1996	883,743

* Data through August 2003.

Source: Arizona Department of Revenue, Econometrics.

Below is a partial list of the larger hotels and resorts, based on number of units.

HOTELS AND RESORTS
Maricopa County

Hotel/Motel Name	Number of Units	Number of Employees*	Year Opened
J. W. Marriott Desert Ridge	950	1,500	2002
The Arizona Biltmore and Villas	736	1,200	1929
The Westin Kierland Resort & Spa	735	800	2002
Hyatt Regency Phoenix	712	470	1976
The Phoenician	654	1,350	1988
Fairmont Scottsdale Princess	650	1,000	1987
Pointe South Mountain Reserve	640	700	1986
The Pointe Hilton Resort at Tapatio Cliffs	585	700	1982
The Pointe Hilton Resort at Squaw Peak	563	390	1977
Crown Plaza Phoenix	533	300	1975

* Number of full-time equivalent employees.

Source: *The Book of Lists 2003, The Business Journal.*

Trade

The retail trade sector is growing in importance. When taken together, wholesale and retail trade represent the largest employment sector in the County, and this sector should remain the County's leading employment category well into the future. The following table illustrates taxable retail sales for the County over the last five calendar years.

TAXABLE RETAIL SALES (a)
Maricopa County, Arizona
($000's omitted)

Year	Retail Sales
2003 (b)	$18,418,834
2002	26,168,437
2001	26,315,563
2000	25,881,116
1999	23,704,580
1998	21,504,574

(a) The definition of "Retail Sales" is the business of selling tangible personal property at retail. Therefore, this class of transaction does not include hotels, restaurants or food sales, which are in separate classes, and all services which are not taxable.

(b) Through August 2003.

Source: Arizona Department of Revenue.

Transportation

The County has 25 airports, ranging in size from small strips for private planes to important centers for high-performance jets and commercial airlines. Sky Harbor International Airport, the only commercial passenger airport in the County, provides central Arizona with a high level of commercial air passenger service. The tables below illustrate the airlines serving Sky Harbor International Airport and the number of passengers arriving and departing, respectively.

AIRLINES SERVING SKY HARBOR
INTERNATIONAL AIRPORT

Major Airlines		Commuter Airlines	Major Freight Carriers
Aeromexico Airlines	Continental Airlines	America West Express	Air Cargo Transit
Air Canada Airlines	Delta Airlines	Arizona Express	Airborne Express
Alaska Airlines	Northwest/KLM Airlines	Express Air	Burlington Air Freight
America West Airlines	Southwest Airlines	Frontier Airlines	Federal Express
American Airlines	United/Lufthansa Airlines	Great Lakes	United Parcel Service
American Trans Air	US Airways	Midwest Express	United States Postal Service
British Airways		Scenic Airlines	U.S. Customs Service
		Sky West (Delta)	
		Sun Country	

Source: The City of Phoenix Aviation Department, August 2003.

NUMBER OF PASSENGERS
ARRIVING AND DEPARTING

SKY HARBOR INTERNATIONAL AIRPORT

Year	Arrivals	Departures	Total
2003 (a)	12,739,595	12,657,362	25,396,957
2002	17,933,747	17,613,420	35,547,167
2001	17,568,859	17,870,172	35,439,031
2000	17,601,558	18,408,591	36,010,149
1999	17,046,727	16,507,680	33,554,407
1998	15,784,493	15,984,620	31,769,113
1997	15,254,190	15,404,953	30,659,143
1996	15,215,724	15,196,128	30,411,852

(a) Data through August 2003

Source: The City of Phoenix Aviation Department.

A main line of the Union Pacific Railroad and a branch line of the Atchison, Topeka and Burlington Northern/Santa Fe Railroad each serve the County. In addition, fifty transcontinental trucking companies serve the County, along with two transcontinental bus lines. The County has approximately 3,156 miles of roadway of which approximately 1,907 miles are paved. The County is also traversed by Interstate 10, the transcontinental all-weather route through the southern United States; U.S. Highways 60 and 89; and Interstate 17, the express route from Phoenix to northern Arizona.

"Growing Smarter" Act

During 1998, the Arizona Legislature promulgated the Growing Smarter Act of 1998 ("Growing Smarter") which created new planning requirements throughout the State and provided stronger tools for local governments in their efforts to manage rapid development. Growing Smarter also created the "Growing Smarter Commission" which conducted hearings throughout the State on ways to enhance the law and to address certain other issues. During 2000, the Arizona Legislature adopted additional legislation known as "Growing Smarter Plus" which significantly expands Growing Smarter and particularly the planning requirements passed in 1998. Fast-growing communities must now plan for growth areas and identify the means to provide necessary public services in the future. In addition to environmental and infrastructure elements, an analysis of available water is now required. To pay for growth, communities are permitted to establish service area limits, beyond which new growth pays the full cost for services. Growing Smarter allowed citizens to refer general plans passed by local government to the ballot for voter approval. Growing Smarter Plus goes a step farther by requiring fast growing and large cities and Pima and Maricopa Counties to submit their general plans to the voters for ratification. Every 10 years, voters will have the final say over general planning in their communities. It is unclear at this time how Growing Smarter and Growing Smarter Plus will affect development activity in the State and particularly the County in the future.

MARICOPA COUNTY, ARIZONA
FINANCIAL DATA

Maricopa County, Arizona
Current Year Statistics
(For Fiscal Year 2003/04)

Total General Obligation Bonded Debt Outstanding	$20,165,000
Primary Assessed Valuation	$25,470,169,915 (a)
Secondary Assessed Valuation	$27,504,339,009 (a)
EstimatedFull Cash Value	$226,272,168,116 (b)

(a) Arizona property taxes are divided into two categories, primary and secondary. Secondary property taxes are those taxes and assessments imposed to pay principal and interest on bonded indebtedness, those imposed for certain special districts and those imposed to exceed a budget, expenditure or tax limitation pursuant to voter approval. Primary property taxes are all ad valorem taxes other than secondary property taxes. Annual increases in the valuation of certain types of property for primary property tax purposes and the amount of primary property taxes which may be levied in any year are subject to certain limitations. These limitations do not apply with respect to secondary property taxes.

(b) Estimated full cash value is the total market value of the property within the County as estimated by the Arizona Department of Revenue, Division of Property and Special Taxes less the estimated exempt property within the County.

Direct and Overlapping General Obligation Debt Ratios
Maricopa County, Arizona

	Per Capita Bonded Debt Population Estimated @ 3,296,250(a)	As Percentage of County's Net Secondary Assessed Valuation ($27,504,339,009)	As Percentage of County's Estimated Full Cash Value ($226,272,168,116)
Direct General Obligation Bonded Debt Outstanding ($20,165,000)	$6.12	0.073%	0.009%
Direct and Overlapping General Obligation Bonded Debt Outstanding ($5,134,635,510)	$1,557.72	18.668%	2.269%

(a) 2002 Population estimate from Arizona Department of Economic Security as of July 2003.

Secondary Assessed Valuation by Property Classification
Maricopa County, Arizona

A comparison of net secondary assessed valuation by property classification of the County for the five most recent fiscal years is as follows:

Class*	2003/04	2002/03	2001/02	2000/01	1999/00
Mines, utilities, tele- communications, commercial, & industrial	$11,075,969,276	$10.477.394.500	$9,690,540.903	$9,181,008,814	$8,643,209,685
Agricultural and Vacant	1,670,535,818	1.716,977,083	1,511,701,320	1,344,984,991	1,215,367,479
Residential (not for profit)	12,696,949,758	10,508,503.067	9,980,978,595	8,795,368,765	7,613,437,892
Residential (rental), day care, residential care	1,902,650,846	1,631,854.820	1,567,181,058	1,461,023,090	1,368,792,161
Railroad, private car companies, flight property	28,108.139	26.547.399	26,646,956	25,344,788	24,789,306
Noncommercial historic, foreign trade zones, enterprize zones, military reuse zones, environmental tech, mnfg.	127,976,974	93,459,826	87,739,768	67,814,652	NA
Technology	NA	NA	NA	NA	44,924,655
Residential historic	606,004	573,481	578,504	557,087	NA
Commercial historic property	1,534,021	1,728,038	1,645,202	1,603,994	64,458
Livestock, poultry, aquatic animals and bees	NA	NA	NA	NA	1,626,161
Government land improvements	NA	NA	NA	NA	14,670
Improvements on possessory rights	8,173	9,068	5,866	9,365	NA
	$27,504,339,009	$24,457,047,282	$22,867,018,172	$20,877,715,546	$18,912,226,467

* The Property Classifications for 2000/2001 and thereafter were revised.

Source: *State and County Abstract of the Assessment Role,* State of Arizona, Department of Revenue and the Maricopa County, Arizona, Finance Department.

STATEMENTS OF BONDED INDEBTEDNESS

Direct Bonded Debt, Legal Limitation and Unused Borrowing Capacity
Maricopa County, Arizona

2003/04 Arizona Constitutional Limitation (15% of Secondary Assessed Valuation)	$4,125,650,850
Direct General Obligation Bonded Debt Outstanding	(20,165,000)
Unused 15% Borrowing Capacity	$4,105,485,850

Direct General Obligation Bonded Debt Outstanding and to be Outstanding
Maricopa County, Arizona

Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding
2001	Refunding	$20,165,000	7-1-04	$20,165,000
Total Direct General Obligation Bonds Outstanding				**$20,165,000**

The County presently has no voter-authorized but unissued bonds.

Direct and Overlapping General Obligation Bonded Debt

Overlapping Municipality	General Obligation Bonded Debt (b)	Proportion Applicable to Maricopa County (a) Approximate Percent	Net Debt Amount
State of Arizona	None	67.31%	None
Maricopa County Community College District (c)	$284,815,000	100.00%	$284,815,000
Elementary School Districts	659,657,000	100.00%	659,657,000
High School Districts	504,575,000	100.00%	504,575,000
Unified School Districts	1,697,593,264	100.00%	1,697,593,264
East Valley Institute of Technology District No. 401	17,720,000	42.65%	7,557,417
Cities and Towns (d)	1,960,272,829	100.00%	1,960,272,829
Maricopa County (e)	**20,165,000**	100.00%	**20,165,000**
Total Direct and Overlapping General Obligation Bonded Debt	**$5,144,798,093**		**$5,134,635,510**

(a) Proportion applicable to the County as computed on the ratio of secondary assessed valuation.

(b) Includes total general obligation bonds outstanding less redemption and mandatory sinking funds on hand. Does not include presently authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future:

Authorized but Unissued

The following table lists general obligation bonds presently authorized but unissued for municipal jurisdictions within the County.

Municipal Jurisdiction	General Obligation Bonds
Maricopa County Community College District	$ 4,000
Paradise Valley Unified School District No. 69	26,735,000
City of Avondale	20,750,000
Town of Cave Creek	150,000
Cave Creek Unified School District No. 93	22,315,000
City of Chandler	93,870,000
Town of Gilbert	46,206,000
City of Glendale	397,300,000
Town of Goodyear	160,825,449
City of Mesa	78,278,000
City of Peoria	286,284,577
City of Phoenix	753,900,000
City of Scottsdale	330,200,000
City of Tempe	124,570,000

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior (the "Department of the Interior"), for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April of 2003, the Department of the Interior and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.646 billion, which amount assumes (but does not mandate) that the Department of the Interior will acquire a total of 667,724 acre feet of CAP water for Federal purposes. The Department of the Interior will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the $1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50-year repayment period, which commenced October 1, 1993. Effectiveness of the agreement is subject to a number of conditions including settlement of certain Indian community water claims and other water claims and will require certain State of Arizona and Federal legislation. If the conditions are not met by May 9, 2012, and the parties do not amend the agreement, the agreement will terminate and litigation will resume. If it appears prior to May 9, 2012, that the conditions will not be met by the deadline, the parties can amend the agreement or either party may petition the U.S. District Court to terminate the agreement and resume litigation. It is not possible to predict whether the agreement will become finally effective, be amended, or terminate, or whether litigation will resume. If litigation resumes, it is not possible to predict the outcome of such litigation. CAWCD is a water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of secondary assessed valuation, of which thirteen cents is being currently levied. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

(c) Does not include Maricopa County Community College District revenue bonds outstanding in the amount of $24,600,000.

(d) Does not include outstanding principal amount of self-supporting general obligation bonds issued by various cities and towns within the County's boundaries which are presently being paid from revenues derived from the usage of the facilities. Should the revenues of the operation of the systems prove to be insufficient to pay the indebtedness or should the cities or towns elect to change its payment policy on its revenue supported general obligation bonds this debt would and must be paid from ad valorem taxes. Also does not include the outstanding principal amount of various cities and towns improvement districts' special assessment bonds paid from special assessments levied against property owners residing within the various improvement districts. The improvement district bonds are secondarily guaranteed by statutory obligations of the respective city or town.

(e) Does not include the Series 2003 Bonds offered herein.

Overlapping General Obligation Bonded Debt, Net Assessed Valuations and Tax Rates
Maricopa County

Overlapping Jurisdiction	2003/04 Net Secondary Assessed Valuation	2003/04 Net Primary Assessed Valuation	Net General Obligation Bonded Debt Outstanding	2003/04 Combined Secondary and Primary Tax Rates Per $100 A.V.
Elementary School Districts				
Phoenix No. 1	$668,776,675	$631,107,980	$58,375,000	$6.9754
Riverside No. 2	220,957,217	211,277,763	7,790,000	2.5463
Tempe No. 3	1,399,834,550	1,300,486,236	66,645,000	4.1931
Isaac No. 5	175,594,393	161,260,790	7,660,000	6.6845
Washington No. 6	1,317,888,751	1,236,769,486	131,765,000	4.8108
Wilson No. 7	139,097,875	134,532,468	8,295,000	5.5807
Osborn No. 8	471,830,420	442,825,909	30,115,000	3.2147
Creighton No. 14	383,061,436	338,240,191	19,850,000	4.3960
Tolleson No. 17	91,830,293	84,174,842	6,552,000	5.6172
Murphy No. 21	105,012,849	99,275,241	6,150,000	5.3552
Liberty No. 25	86,282,302	75,394,129	3,165,000	4.0902
Kyrene No. 28	1,665,048,018	1,559,423,591	60,250,000	4.0891
Balsz No. 31	310,749,027	285,139,047	18,805,000	3.8984
Buckeye No. 33	65,049,675	59,972,844	2,160,000	5.3966
Madison No. 38	878,355,176	791,946,052	49,530,000	3.2564
Glendale No. 40	300,649,439	281,482,456	22,915,000	6.4966
Avondale No. 44	168,957,691	152,056,108	13,075,000	4.2367
Fowler No. 45	138,287,824	128,222,704	7,130,000	5.7646
Arlington No. 47	40,124,510	37,188,960	60,000	2.1837
Palo Verde No. 49	16,257,134	14,418,900	225,000	3.0035
Laveen No. 59	61,816,257	52,631,747	4,120,000	4.0266
Littleton No. 65	93,510,144	85,695,117	1,350,000	5.9178
Roosevelt No. 66	429,762,749	393,931,772	27,095,000	6.5222
Alhambra No. 68	374,573,784	343,068,312	35,360,000	6.9408
Litchfield No. 79	280,627,332	258,099,602	21,890,000	4.2666
Nadaburg No. 81	35,753,274	30,717,055	735,000	8.3811
Cartwright No. 83	316,841,714	281,833,908	1,560,000	7.3728
Ruth Fisher No. 90	843,349,300	838,928,304	25,000,000	0.7731
Pendergast No. 92	222,687,085	204,327,816	22,035,000	6.3709
Paloma No. 94	4,160,174	3,872,095	0	11.8075
Total Overlapping General Obligation Bonded Debt			**$659,657,000**	

Overlapping Jurisdiction	2003/04 Net Secondary Assessed Valuation	2003/04 Net Primary Assessed Valuation	Net General Obligation Bonded Debt Outstanding	2003/04 Combined Secondary and Primary Tax Rates Per $100 A.V.
High School Districts				
Buckeye Union No. 201	$207,713,621	$186,974,833	$10,320,000	$3.1442
Glendale Union No. 205	1,618,538,190	1,518,251,942	64,545,000	3.3478
Phoenix Union No. 210	4,536,429,572	4,167,071,180	170,935,000	4.1085
Tempe Union No. 213	3,064,882,568	2,859,909,827	183,565,000	3.2870
Tolleson Union No. 214	560,320,314	514,825,623	34,940,000	4.2686
Agua Fria Union No. 216	449,585,023	410,155,710	40,270,000	3.7988
Total Overlapping General Obligation Bonded Debt			**$504,575,000**	

Overlapping Jurisdiction	2003/04 Net Secondary Assessed Valuation	2003/04 Net Primary Assessed Valuation	Net General Obligation Bonded Debt Outstanding	2003/04 Combined Secondary and Primary Tax Rates Per $100 A.V.
Unified School Districts				
Mesa No. 4	$2,491,663,621	$2,364,699,038	$230,185,000	$7.1522
Wickenburg No. 9	86,215,658	78,662,371	20,855,000	6.3869
Peoria No. 11	1,050,827,294	1,003,614,990	220,454,000	8.5954
Gila Bend No. 24	13,834,182	12,753,396	0	5.9436
Gilbert No. 41	1,124,065,140	1,058,689,074	144,710,000	8.4462
Scottsdale No. 48	3,496,719,828	3,172,867,591	265,710,000	5.1878
Higley No. 60	128,476,882	117,262,588	105,000	5.6790
Paradise Valley No. 69	2,232,270,576	2,059,619,126	350,484,264	7.0668
Chandler No. 80	1,244,759,096	1,159,179,080	135,725,000	7.0431
Dysart No. 89	507,353,975	470,470,295	21,000,000	5.9041
Cave Creek No. 93	1,064,508,579	$915,255,417	54,570,000	4.4791
Queen Creek No. 95	106,755,604	89,981,294	24,735,000	9.8101
Deer Valley No. 97	1,434,074,301	1,335,578,616	198,370,000	7.1224
Fountain Hills No. 98	331,458,411	288,969,887	30,690,000	5.7025
Total Overlapping General Obligation Bonded Debt			**$1,697,593,264**	

Overlapping Jurisdiction	2003/04 Net Secondary Assessed Valuation	2003/04 Net Primary Assessed Valuation	Net General Obligation Bonded Debt Outstanding	2003/04 Combined Secondary And Primary Tax Rates Per $100 A.V.
Cities and Towns				
Avondale	$212,252,060	$195,727,504	$16,524,556	$1.1646
Buckeye	56,727,094	51,727,246	25,295,000	1.5501
Carefree	115,992,391	100,344,293	0	0.0000
Cave Creek	87,562,021	72,812,125	6,460,000	0.7423
Chandler	1,638,375,932	1,526,068,883	126,205,000	1.2800
El Mirage	80,920,812	74,215,226	0	1.3474
Fountain Hills	323,385,230	282,800,857	11,185,000	0.4762
Gila Bend	8,742,477	7,838,051	0	1.3700
Gilbert	906,389,287	854,298,018	91,685,000	1.1500
Glendale	1,080,016,547	1,028,039,568	146,135,000	1.7200
Goodyear	264,638,241	238,750,061	20,930,000	2.0437
Guadalupe	8,143,715	7,598,974	0	0.0000
Litchfield Park	41,952,140	40,414,676	0	0.0000
Mesa	2,463,878,234	2,340,410,412	201,545,000	0.0000
Paradise Valley	551,844,002	464,897,428	0	0.0000
Peoria	750,429,221	716,421,283	63,785,000	1.5900
Phoenix	9,792,188,415	9,048,850,849	741,080,535	1.8200
Queen Creek	55,176,754	46,623,040	0	0.0000
Scottsdale	3,975,522,083	3,599,719,427	309,095,000	1.1207
Surprise	352,017,483	324,634,735	4,922,738	0.9101
Tempe	1,688,452,415	1,575,575,814	187,975,000	1.3500
Tolleson	116,882,783	110,458,246	7,450,000	2.6733
Wickenburg	38,316,205	36,000,007	0	0.6500
Youngtown	18,992,566	18,016,483	0	0.0000
Total Overlapping General Obligation Bonded Debt			**$1,960,272,829**	

Other Indebtedness
Certificates of Participation

Issue Series	Original Amount	Maturity Dates	Balance Outstanding
Series 1993 (a)	$ 3,850,000	6-1-94/08	$ 580,000
Series 1994 (a)	30,000,000	6-1-95/04	3,815,000
Series 1996 (a)	2,500,000	6-1-97/11	1,576,452
Series 2000 (a)(b)	5,300,000	7-1-01/10	4,567,000
Series 2000 (c)	6,975,000	7-1-01/15	5,865,000
Total Certificates of Participation Outstanding			**$16,403,452**

(a) Certificates Being Refunded
(b) Avondale Medical Center Project
(c) Desert Vista Project

Other Indebtedness
Lease Revenue Bonds (d)

Issue Series	Original Amount	Maturity Dates	Balance Outstanding
Series 2001	$124,855,000	7-1-02/15	$93,360,000
Total Lease Revenue Bonds Outstanding			**$93,360,000**

(d) Does not include the Series 2003 Bonds offered herein.

As of June 30, 2003, the County had the following leases in effect:

Operating Leases – The County's operating leases are for office equipment, land and buildings. Rental expenses under the terms of these operating leases for governmental activities and business-type activities were $15,990,245 and $1,612,462, respectively, for the year ended June 30, 2002. These operating leases have remaining lease terms from one to nine years. Also, they provide renewal options and are contingent on budgetary appropriations each fiscal year. The future minimum rental payments required under these operating leases as of June 30, 2002 are as follows:

Year Ended June 30	Governmental Activities	Business-Type Activities
2003	$10,476,338	$510,230
2004	8,590,764	
2005	6,074,129	
2006	4,036,472	
2007	3,397,788	
2008 - 11	4,082,647	
Total minimum payments required	**$36,658,138**	**$510,230**

Capital Leases (e) – The County has entered into various lease-purchase agreements, which are noncancellable, for the acquisitions of the following equipment:

	Governmental Activities
Building Improvements	$ 5,810,820
Computer Systems and Equipment	6,274,300
Library Bookmobile	207,720
Medical Equipment	362,273
Printing Equipment	125,290
Radio System	9,458,005
Sheriff's Helicopters	2,040,000
Telephone Systems	294,092
Total Capital Assets	24,572,500
Accumulated Depreciation	(8,297,410)
Net Value of Leased Fixed Assets	$16,275,090

These lease-purchase agreements require the County to pay all maintenance costs. At the time of the final principal and interest payments, title to the leased equipment transfers to the County. These leases are contingent on budgetary appropriations each fiscal year. The assets are capitalized at a total principal cost.

The following schedule details debt service requirements to maturity for the County's capital leases payable at June 30, 2002.

Year Ended June 30	Governmental Activities
2003	$ 5,418,806
2004	4,958,982
2005	4,449,210
2006	2,536,192
2007	993,578
2008 - 12	3,951,792
Total minimum lease payments	22,308,560
Amount representing interest	(2,866,184)
Present value of net minimum lease payments	$19,442,376

(e) Includes the Leases Being Refunded.

PROPERTY TAXES

General

The State has two valuation bases for levying ad valorem property taxes. They are "limited property" and "full cash" values. Property valuations are established on most property by the individual county assessors, with the State Department of Revenue determining the valuations of centrally assessed properties such as gas, water and electric utilities, pipelines, mines, local and long distance telephone companies and airline flight property.

Full cash value is statutorily defined to mean "that value determined as described by statute" or if no statutory method is prescribed it is "synonymous with market value". "Market value" means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally include the market approach, the cost approach and the income approach. As a general matter, the various county assessors use a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the county assessor's valuations by providing evidence of a lower value which may be based on another valuation approach.

Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) that is multiplied by the limited or full cash values of the property to obtain the assessed valuations.

The assessment ratios utilized over the five-year period 1999-00 through 2003-04 for each class of property are set forth below:

PROPERTY TAX ASSESSMENT RATIOS
1999-00 THROUGH 2003-04

Property	Assessment as Percent of Full Cash Value				
Classification (a)	1999-00	2000-01	2001-02	2002-03	2003-04
Mining	25%	(b)	(b)	(b)	(b)
Utility	25%	(b)	(b)	(b)	(b)
Commercial and Industrial (c)	25%	25% (b)	25% (b)	25% (b)	25% (b)
Agriculture and Vacant Land (c)	16%	16%	16%	16%	16%
Owner Occupied Residential	10%	10%	10%	10%	10%
Leased or Rented Residential	10%	10%	10%	10%	10%
Railroad, Private Car Company And Airline Flight Property (d)	21%	21%	21%	21%	20%

(a) Several additional classes of property exist, but seldom amount to a significant portion of an entity's total valuation. These classes consist of historic property; aerospace manufacturing property in a military reuse zone; certain manufacturing property in an enterprise zone; property in a foreign trade zone; (beginning in 1994-95) environmental technology property for the first 20 years from the date placed in service; producing oil, gas and geothermal resource interests; and leasehold or other possessory interest in certain public property.

(b) The assessed valuation percentages for mining and utility properties were reduced to 25% in 1999. For tax year 2000 and thereafter, mining and utility properties are included in the same class as commercial and industrial properties.

(c) The first $53,226 of full cash value on commercial, industrial and agricultural personal property is exempt from taxation and is indexed annually for inflation. Any portion of the full cash value in excess of these amounts will be assessed at 25% or 16% as applicable.

(d) The percentage is calculated annually based on the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash value of such properties.

Primary Taxes

Taxes levied against the assessed limited property value (after application of assessment ratio) are referred to as primary taxes, which are used for the maintenance and operation of counties, cities/towns, school districts, community college districts and the State. Limited property value cannot exceed the full cash value and is derived statutorily using one of the following two procedures:

(1) The limited property value for parcels in existence in the prior year that did not undergo modification through construction, destruction, split or change in use, are established at the previous year's limited property value increased by the greater of either 10% of last year's limited property value or 25% of the difference between last year's limited property value and the current year's full cash value.

(2) The limited property value for parcels that underwent modification through construction, destruction or change in use, and for new parcels is established by applying a ratio of the full cash to limited property values of existing properties of the same use or legal classification.

The aggregate of the primary taxes levied by a county, city, town and community college district is constitutionally limited to a maximum increase of 2% over the maximum allowable prior year's levy limit plus any taxes on property not subject to tax in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts. The limited and full cash values of personal property (other than mobile homes) and of utility, mining and producing oil, gas and geothermal property are the same. Primary taxes on residential property only are constitutionally limited to 1% of the full cash value of such property.

To offset the effects of the primary system limitation of tax levies on residential property to 1% of the primary full cash value, a tax equalization program was instituted, whereby the State will provide funds to qualifying local school districts in an amount up to 35% of the district's primary tax levy requirement as applied to residential property, not to exceed $500 per individual residential property. These funds are derived from appropriations from the State General Fund. This program also requires the counties to levy a tax of $0.5123 per $100 of assessed value under the primary system to supplement the State equalization funds provided to local school districts in the county. In addition, if the State's equalization contribution does not reduce the aggregate tax levy on residential properties in the district for primary purposes to 1% of the primary full cash value, the State will contribute additional funds to the extent necessary for this purpose.

Secondary Taxes

Taxes levied against the assessed full cash value (after application of the assessment ratio) are referred to as secondary taxes, which are used for debt retirement (i.e., debt service on bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts. There is no limitation on the annual increases in full cash value of any property, and annual levies for voter-approved bonded indebtedness and special district assessments are unlimited.

Tax Procedures

The Board of Supervisors of the County prepares the tax roll that sets forth the valuation by taxing district of all property in the County subject to taxation. This tax roll also shows the valuation and classification of each parcel of land located within the County for the tax year. The tax roll is then forwarded to the Treasurer of the County.

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then applied to the parcel of property in order to determine the total tax owed by each property owner.

Beginning with the 1997 tax year, county assessors were given more time to value property. In addition, the Board of Supervisors of the County prepare and adopt the final tax roll showing the valuation and classification of each parcel of land located within the County no later than December 31 of each year for use in setting tax levy rates in the next fiscal year. For tax years 1995 and 1996 assessors used a transitional system of valuation and appeal.

Delinquent Tax Procedures

The property taxes due the City are billed along with State, County and other taxes, in September of the calendar tax year and are payable in two installments, October 1 and March 1 and become delinquent on November 1 and May 1. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of the month. (However, a law that became effective July 19, 1996, waives delinquent interest if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) After the close of the tax collection period, the Treasurer of the County prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the title to such property is vested in the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent and current taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer of the County to deliver a Treasurer's Deed to the certificate holder as prescribed by law.

It should be noted that in the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly noninterest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect ad valorem taxes on property of a taxpayer within the City. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on delinquent property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy would be stayed pursuant to the Bankruptcy Code. While the stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post bankruptcy petition tax collection becomes uncertain.

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. None of the County or the Financial Advisor, nor their respective agents or consultants have undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the County is expressly enjoined or prohibited by law from collecting taxes from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the County's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

Tax Rates and Assessed Valuations

The data shown below lists separately the primary and secondary tax rates and assessed valuations for the county for the past five fiscal years.

Tax Year	Primary Tax Rate	Primary Assessed Valuation	Secondary Tax Rate	Secondary Assessed Valuation
2003-04	$1.2108	$25,470,169,915	$0.0700	$27,504,339,009
2002-03	1.2108	22,955,864,882	0.0800	24,457,047,282
2001-02	1.1832	21,303,486,027	0.0876	22,867,018,172
2000-01	1.1641	19,362,298,255	0.1152	20,877,715,546
1999-00	1.1884	17,463,875,533	0.1085	18,912,226,467
1998-99	1.1472	16,017,265,623	0.1312	16,813,017,261

Real and Secured Property Taxes Levied and Collected (a)
Maricopa County, Arizona

Fiscal Year	Tax Rate	Tax Levy	Collected to June 30 of Initial Fiscal Year Amount	% of Levy	Cumulative Collection to September 30, 2003 (b) Amount	% of Levy
2003-04	$1.2808	$308,437,123	(b)	(b)	$ 14,378,904	4.66%
2002-03	1.2908	276,669,338	$267,961,729	96.85%	270,852,876	97.90
2001-02	1.2708	250,247,454	242,200,230	96.78	248,145,621	99.16
2000-01	1.2793	213,005,143	206,619,680	97.00	211,013,854	99.07
1999-00	1.2969	196,517,249	190,318,820	96.85	194,366,995	98.91
1998-99	1.2784	173,181,466	168,167,844	97.11	171,568,301	99.07

(a) Taxes are certified and collected by the Maricopa County Treasurer. Taxes in support of debt service are levied by the Maricopa County Board of Supervisors as required by Arizona Revised Statutes. Delinquent taxes are subject to an interest and penalty charge of 16% per annum, which is prorated at a monthly rate of 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above, but are deposited in the County General Fund.

(b) 2002-03 Taxes in course of collection:
The first installment was due on 10-01-03 and became delinquent on 11-01-03; and the second installment will be due on 03-01-04 and become delinquent on 05-01-04.

Source: Maricopa County Treasurer's Office.

ASSESSED VALUATIONS AND TAX RATES

Arizona property taxes are divided into two systems, primary and secondary. Secondary property taxes are those taxes imposed for payment of bonded indebtedness, for exceeding a budget, expenditure or tax limitation pursuant to voter approval and for operating and maintaining certain special districts. Primary property taxes are all ad valorem taxes other than secondary property taxes.

Under the primary system, the full cash value of locally-assessed real property (consisting of residential, commercial, industrial, agricultural and unimproved property) cannot increase by more than 10% per year, except under certain circumstances. This limitation does not apply to mines, utilities and railroads, which are assessed by the State. Annual tax levies under the primary system are based on the nature of the property taxed and the taxing authority. Primary taxes levied on residential property only are limited to 1% of the full cash value of such property. In addition, primary taxes levied on all types of property by counties, cities, towns and community college districts are limited to a maximum increase of 2% over the maximum allowable prior year's levy plus any amount directly attributable to new construction and annexation. The 2% limitation does not apply to primary taxes levied for local school districts.

Secondary assessed valuation represents the value used in determining property tax levies for the payment of principal and interest on bonds and the calculation of maximum bonded indebtedness allowed under the State's Constitutional debt limit. Under the secondary system, there is no limitation on annual increases in full cash value of any property. In addition, annual tax levies for voter-approved bonded indebtedness and special district taxes are unlimited.

Major taxpayers shown below are the major property taxpayers located within the County, an estimate of their 2001-02 secondary assessed valuation as of November 2001 and their relative proportion of the County's 2001-02 secondary assessed valuation.

Assessed Valuation of Major Taxpayers (a)
Maricopa County, Arizona

Taxpayer (b)	2003-04 Secondary Assessed Valuation	As % of County's Total 2003-04 Secondary Assessed Valuation
Arizona Public Service	$ 773,981,629	2.8140%
Salt River Project	493,319,907	1.7936
Qwest	454,550,692	1.6527
Southern California Edison Co	170,916,915	0.6214
El Paso Electric Co	141,854,336	0.5158
Southwest Gas Corporation	129,855,468	0.4721
Intel Corporation	114,669,306	0.4169
Motorola Inc	101,342,861	0.3685
A T & T Property Tax	89,751,292	0.3263
Public Service Company of New Mexico	81,352,985	0.2958
Target	72,357,015	0.2631
Cox Communications Phoenix	70,377,334	0.2559
Southern Cal Public Power Authority	64,777,927	0.2355
Honeywell	55,009,011	0.2000
Safeway Stores	52,183,084	0.1897
Total	**$2,866,299,762**	**10.4213%**

(a) Data obtained from the fiscal year 2003-04 tax rolls of the Maricopa County Assessor's Office and the records of the Arizona Department of Revenue.

(b) Some such taxpayers are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the NYSE at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR data base at http://www.sec.gov. None of the County, the Underwriters or counsel or advisors have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: Maricopa County Treasurer's office.

Comparative Secondary Assessed Valuation Histories

Fiscal Year	City of Phoenix	Maricopa County	State of Arizona
2003-04	$9,827,915,457	$27,504,339,009	$40,861,415,479
2002-03	8,802,883,478	24,457,047,282	36,825,660,973
2001-02	8,232,133,766	22,867,018,172	34,468,574,240
2000-01	7,573,211,016	20,877,715,546	31,744,964,844
1999-00	6,915,960,312	18,912,226,467	29,098,577,633
1998-99	6,202,274,718	16,813,017,261	26,793,103,121

Source: *State and County Abstract of the Assessment Role*, State of Arizona Department of Revenue and The Arizona Property Tax Research Foundation, *Property Tax Rates and Assessed Values*.

Estimated Full Cash Valuation (a)
Maricopa County, Arizona

Fiscal Year	Estimated Full Cash Value
2003-04	$226,272,168,116
2002-03	194,235,322,146
2001-02	180,453,091,473
2000-01	160,906,987,089
1999-00	134,709,854,002
1998-99	128,171,304,453

(a) Estimated full cash value is the total market value of the taxable property less estimated exempt property within the City as provided to the City by the Arizona Department of Revenue, Division of Property and Special Taxes.

Sales and Transaction Privileges Tax Receipts

The following table indicates sales and transaction privilege tax revenue that have been, or are estimated to be received by the County. Such taxes are levied by the State and are distributed to the County on the basis of a formula prescribed by State statute.

Fiscal Year	Sales and Transaction Privilege Tax Receipts(a)
2001-02	$325,728,202
2000-01	322,429,593
1999-00	309,009,200
1998-99	279,812,954
1997-98	257,643,630
1996-97	242,352,311

(a) Does not include a special county-wide $.005 sales tax levied by Maricopa County for construction of freeways. The proceeds of such tax are collected by the State and held in trust by the State Treasurer. All freeway construction is administered by the Arizona Department of Transportation. The revenues from the tax will not be available to the County for general operating purposes.

Source: Maricopa County, Arizona, Comprehensive Annual Financial Report for the year ended June 30, 2002.

APPENDIX C

MARICOPA COUNTY

GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2002

Maricopa County
Statement of Net Assets
June 30, 2002

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash in bank and on hand	$ 13,056,056	$ 1,275	$ 13,057,331
Cash and investments held by County Treasurer	583,944,411	105,072,063	689,016,474
Receivables (net of allowances for uncollectibles)	16,781,280	62,107,978	78,889,258
Internal balances	54,796,650	(54,796,650)	0
Due from other governmental units	146,309,982	1,897,909	148,207,891
Inventories	7,319,949	6,436,921	13,756,870
Prepaids	2,502,283	4,231,654	6,733,937
Deferred costs	4,632,046		4,632,046
Miscellaneous	1,545,145	770,789	2,315,934
Cash and investments held by trustee - restricted	46,265,750	8,303,790	54,569,540
Capital assets:			
Land	177,378,461	2,909,679	180,288,140
Buildings	736,205,447	86,435,206	822,640,653
Machinery and equipment	158,398,268	99,374,324	257,772,592
Infrastructure	357,036,458		357,036,458
Construction in progress	365,055,919	25,650,364	390,706,283
(Accumulated depreciation)	(265,253,162)	(97,760,974)	(363,014,136)
Total assets	2,405,974,943	250,634,328	2,656,609,271
LIABILITIES			
Accounts payable and other current liabilities	72,815,049	22,469,499	95,284,548
Employee compensation payable	41,954,717	6,853,931	48,808,648
Accrued interest payable	4,832,721	575,473	5,408,194
Deferred revenue	17,527,440		17,527,440
Due to other governmental units	18,330,905	775,048	19,105,953
Deposits held for other parties	985,058		985,058
Noncurrent liabilities:			
Due within one year	68,317,685	57,660,196	125,977,881
Due in more than one year	377,118,115	35,559,291	412,677,406
Total liabilities	601,881,690	123,893,438	725,775,128
NET ASSETS			
Invested in capital assets, net of related debt	1,259,210,540	81,077,781	1,340,288,321
Restricted for:			
General government	4,181,180		4,181,180
Public safety	86,900,666		86,900,666
Highways and streets	30,524,593		30,524,593
Health, welfare and sanitation	11,182,883	43,903,370	55,086,253
Culture and recreation	15,457,160		15,457,160
Education	245,330		245,330
Capital projects	144,878,624	4,709,201	149,587,825
Debt service	20,896,981	3,594,589	24,491,570
Other purposes	7,701,602	1,545,744	9,247,346
Unrestricted (deficit)	222,913,694	(8,089,795)	214,823,899
Total net assets	$ 1,804,093,253	$ 126,740,890	$ 1,930,834,143

The notes to the financial statements are an integral part of this statement.

Maricopa County
Statement of Activities
For the Fiscal Year Ended June 30, 2002

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	$ 124,501,063	$ 24,457,239	$ 2,734,152	$
Public safety	490,943,644	81,687,973	103,867,884	
Highways and streets	52,464,778	1,451,293	24,038	2,712,908
Health, welfare and sanitation	304,220,867	22,917,356	85,969,620	
Culture and recreation	25,453,164	8,358,894	160,263	
Education	16,675,171	3,057,546	10,129,137	
Interest on long-term debt	11,557,524			
Total governmental activities	1,025,816,211	141,930,301	202,885,094	2,712,908
Business-type activities:				
Medical Center	340,556,596	291,946,393	5,014,958	
Arizona Health Care Cost Containment System (AHCCCS) Plan	93,168,287	100,104,747		
Arizona Long-Term Care System (ALTCS) Plan	241,654,207	252,343,614		
Other business-type activities	67,406,686	64,214,098	1,258,000	
Total business-type activities	742,785,776	708,608,852	6,272,958	
Total primary government	$ 1,768,601,987	$ 850,539,153	$ 209,158,052	$ 2,712,908

General revenues:
Taxes:
Property taxes, levied for general purposes
Property taxes, levied for debt service
Share of state sales taxes
Sales tax – Highway user revenue fund
Sales tax – Jail construction and operation
Surcharge tax - Stadium District
Vehicle license tax
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Loss on disposal of capital assets
Miscellaneous

Transfers
Total general revenues and transfers
Change in net assets
Net assets, beginning, as restated
Net assets, ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (97,309,672)	$	$ (97,309,672)
(305,387,787)		(305,387,787)
(48,276,539)		(48,276,539)
(195,333,891)		(195,333,891)
(16,934,007)		(16,934,007)
(3,488,488)		(3,488,488)
(11,557,524)		(11,557,524)
(678,287,908)		(678,287,908)
	(43,595,245)	(43,595,245)
	6,936,460	6,936,460
	10,689,407	10,689,407
	(1,934,588)	(1,934,588)
	(27,903,966)	(27,903,966)
(678,287,908)	(27,903,966)	(706,191,874)
324,219,284		324,219,284
20,250,715		20,250,715
325,728,202		325,728,202
78,285,210		78,285,210
98,177,716		98,177,716
5,407,664		5,407,664
106,115,829		106,115,829
8,700,138		8,700,138
29,404,833	6,359,401	35,764,234
(8,856,034)	(103,280)	(8,959,314)
10,627,773	1,972,145	12,599,918
(25,752,045)	25,752,045	
972,309,285	33,980,311	1,006,289,596
294,021,377	6,076,345	300,097,722
1,510,071,876	120,664,545	1,630,736,421
$ 1,804,093,253	$ 126,740,890	$ 1,930,834,143

Maricopa County
Balance Sheet
Governmental Funds
June 30, 2002

	GENERAL	TRANS-PORTATION	FLOOD CONTROL	JAIL OPERATIONS
ASSETS				
Cash in bank and on hand	$ 106,400	$ 1,800	$ 450	$
Cash and investments held by County Treasurer	134,889,907	22,472,899	17,545,026	10,771,552
Receivables	8,784,286	128,530	1,259,475	627,156
Due from other funds	62,078,143	110		
Due from other governmental units	74,619,308	17,213,649	12,532,054	19,693,225
Inventories	3,088,425	529,128	98,432	263,675
Miscellaneous	379,715			
Cash and investments held by trustee - restricted	5,644,842		112,672	
Total assets	$ 289,591,026	$ 40,346,116	$ 31,548,109	$ 31,355,608
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers payable	$ 13,038,583	$ 7,382,876	$ 11,628,783	$ 2,517,294
Employee compensation payable	4,699,965	381,568	213,491	1,356,307
Accrued liabilities	874,436	294,903	580	1,980
Due to other funds	1,858,623		110	250,000
Due to other governmental units	9,342,751			3,391
Interest payable				
Bonds payable				
Special assessment debt with governmental commitment				
Deferred revenue	5,654,404	247,990	782,155	
Deposits held for other parties		985,058		
Total liabilities	35,468,762	9,292,395	12,625,119	4,128,972
Fund balances:				
Reserved for:				
Inventories	3,088,425	529,128	98,432	263,675
Capital lease expenditures	1,994,777			
Debt service				
Unreserved, reported in:				
General fund	249,039,062			
Special revenue funds		30,524,593	18,824,558	26,962,961
Capital projects funds				
Debt service funds				
Total fund balances	254,122,264	31,053,721	18,922,990	27,226,636
Total liabilities and fund balances	$ 289,591,026	$ 40,346,116	$ 31,548,109	$ 31,355,608

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Other assets are not available to pay for current period expenditures and therefore, are deferred in the funds.

Internal service funds are used by management to charge the costs of equipment services, telecommunications, reprographics, risk management, employee benefits, and the sheriff warehouse to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.

Some long-term liabilities and compensated absences are not due and payable shortly after June 30, 2002, therefore, are not reported in the funds.

Net assets of governmental activities

The notes to the financial statements are an integral part of this statement.

GENERAL OBLIGATION	LEASE REVENUE	JAIL CONSTRUCTION	COUNTY IMPROVEMENT	OTHER GOVERN-MENTAL FUNDS	TOTAL GOVERN-MENTAL FUNDS
$	$	$	$	$ 12,595,528	$ 12,704,178
21,074,114	96,506,401	99,416,687	57,142,193	90,980,188	550,798,967
628,100	541,372		317,840	1,316,977	13,603,736
				2,765	62,081,018
				22,251,746	146,309,982
				1,727,165	5,706,825
				1,165,486	1,545,201
	28,621,115			11,887,121	46,265,750
$ 21,702,214	$ 125,668,888	$ 99,416,687	$ 57,460,033	$ 141,926,976	$ 839,015,657
$	$	$ 16,211,514	$ 2,154,282	$ 10,277,076	$ 63,210,408
		13,370		2,234,034	8,898,735
				1,212,465	2,384,364
				3,619,585	5,728,318
				8,984,763	18,330,905
1,635,534	2,638,864			56,449	4,330,847
18,855,000	12,796,244				31,651,244
				55,956	55,956
437,763				22,781,238	29,903,550
					985,058
20,928,297	15,435,108	16,224,884	2,154,282	49,221,566	165,479,385
				1,727,165	5,706,825
					1,994,777
773,917	12,889,507			7,233,557	20,896,981
					249,039,062
				76,896,774	153,208,886
		83,191,803	55,305,751	6,847,914	145,345,468
	97,344,273				97,344,273
773,917	110,233,780	83,191,803	55,305,751	92,705,410	673,536,272
$ 21,702,214	$ 125,668,888	$ 99,416,687	$ 57,460,033	$ 141,926,976	
					1,526,250,718
					15,376,110
					(11,507,860)
					(399,561,987)
					$ 1,804,093,253

Maricopa County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2002

	GENERAL	TRANS-PORTATION	FLOOD CONTROL	JAIL OPERATIONS
REVENUES				
Taxes	$ 268,320,391	$	$ 44,775,297	$
Licenses and permits	415,821	1,451,293	1,760,324	
Intergovernmental	431,826,951	96,201,503	17,183,885	115,527,725
Charges for services	23,072,200			16,170
Fines and forfeits	12,886,925			
Miscellaneous	16,382,542	3,919,394	9,962,424	5,350,778
Total revenues	752,904,830	101,572,190	73,681,930	120,894,673
EXPENDITURES				
Current:				
General government	95,104,978			
Public safety	228,487,529		30,284,353	120,655,352
Highways and streets		55,240,772		
Health, welfare and sanitation	197,887,228			
Culture and recreation	1,589,168			
Education	1,428,979			
Debt service:				
Principal				
Interest				
Other				
Capital outlay	22,211,820	36,495,606	35,889,488	3,999,815
Total expenditures	546,709,702	91,736,378	66,173,841	124,655,167
Excess (deficiency) of revenues over expenditures	206,195,128	9,835,812	7,508,089	(3,760,494)
OTHER FINANCING SOURCES (USES)				
Transfers in	40,606,186			101,186,962
Transfers out	(168,270,894)	(344,392)		(84,726,011)
Capital lease agreements	9,843,870			
Proceeds from bond issuance				
Premium on refunding bonds				
Payment to escrow agent				
Total other financing sources (uses)	(117,820,838)	(344,392)		16,460,951
Net changes in fund balances	88,374,290	9,491,420	7,508,089	12,700,457
Fund balances (deficit) at beginning of year, as restated	164,951,389	21,592,123	11,413,501	14,456,478
Increase (decrease) in reserve for inventories	796,585	(29,822)	1,400	69,701
Fund balances at end of year	$ 254,122,264	$ 31,053,721	$ 18,922,990	$ 27,226,636

The notes to the financial statements are an integral part of this statement.

GENERAL OBLIGATION	LEASE REVENUE	JAIL CONSTRUCTION	COUNTY IMPROVEMENT	OTHER GOVERN-MENTAL FUNDS	TOTAL GOVERN-MENTAL FUNDS
$ 20,250,715	$	$	$	$ 9,690,800	$ 343,037,203
				22,478,873	26,106,311
				170,928,037	831,668,101
				45,682,016	68,770,386
				2,889,174	15,776,099
536,705	5,363,800		2,540,022	25,823,652	69,879,317
20,787,420	5,363,800		2,540,022	277,492,552	1,355,237,417
				4,160,487	99,265,465
				102,415,889	481,843,123
					55,240,772
				113,623,704	311,510,932
				16,062,396	17,651,564
				15,131,284	16,560,263
18,855,000	12,796,244			7,966,893	39,618,137
2,800,552	5,717,538			1,753,537	10,271,627
64,594				1,114,508	1,179,102
		154,960,736	25,651,703	14,801,603	294,010,771
21,720,146	18,513,782	154,960,736	25,651,703	277,030,301	1,327,151,756
(932,726)	(13,149,982)	(154,960,736)	(23,111,681)	462,251	28,085,661
1,706,643		84,726,011		15,424,873	243,650,675
				(16,061,423)	(269,402,720)
					9,843,870
20,165,000				58,285,670	78,450,670
425,280				3,115,977	3,541,257
(20,590,280)				(57,390,570)	(77,980,850)
1,706,643		84,726,011		3,374,527	(11,897,098)
773,917	(13,149,982)	(70,234,725)	(23,111,681)	3,836,778	16,188,563
	123,383,762	153,426,528	78,417,432	87,348,992	654,990,205
				1,519,640	2,357,504
$ 773,917	$ 110,233,780	$ 83,191,803	$ 55,305,751	$ 92,705,410	$ 673,536,272

Maricopa County
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2002

Net change in fund balances – total governmental funds (page 29)	$ 16,188,563
Amounts reported for governmental activities in the Statement of Activities pages 24 – 25 are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	261,655,774
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(28,178,294)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	9,722,831
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	35,465,237
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(220,479)
Internal service funds are used by management to charge the costs of equipment services, telecommunications, reprographics, risk management, employee benefits, and the sheriff warehouse to individual funds. The net revenue of internal service funds is reported with governmental activities.	(612,255)
Change in net assets of governmental activities (page 25)	$ 294,021,377

The notes to the financial statements are an integral part of this statement.

Maricopa County
Statement of Net Assets
Proprietary Funds
June 30, 2002

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MEDICAL CENTER	MARICOPA HEALTH PLAN	ALTCS
ASSETS			
Current assets:			
Cash in bank and on hand	$	$	$
Cash and investments held by County Treasurer		21,875,613	57,160,434
Receivables:			
Accounts (net of allowance)	50,226,660	6,733,151	3,765,459
Accrued interest		87,446	620,326
Due from other funds	2,108,623		
Due from other governmental units	1,897,909		
Inventories	6,436,921		
Prepaids	3,164,533	1,067,121	
Miscellaneous	766,845		
Total current assets	64,601,491	29,763,331	61,546,219
Noncurrent assets:			
Restricted:			
Cash and investments held by trustee	8,303,790		
Capital assets:			
Land	1,722,193		
Buildings	86,371,644		
Machinery and equipment	86,310,183	4,965,782	5,270,509
Construction in progress	25,650,364		
Less accumulated depreciation	(86,912,768)	(4,958,243)	(3,072,417)
Total noncurrent assets	121,445,406	7,539	2,198,092
Total assets	186,046,897	29,770,870	63,744,311
LIABILITIES			
Current liabilities:			
Vouchers payable	12,722,390	278,818	2,420,105
Employee compensation payable	6,841,186		
Accrued liabilities	1,718,622	2,560,357	866,699
Interest payable	311,832		
Due to other funds	56,905,273		
Due to other governmental units	775,048		
Accrued interest	263,641		
Leases payable (current portion)			
Installment purchase agreements (current portion)	436,342		
Certificates of participation (current portion)	769,000		
Lease revenue bonds payable (current portion)	2,513,756		
Liability for reported and incurred but not reported claims (current portion)		14,139,373	27,140,828
Liability for closure and postclosure costs (current portion)			
Total current liabilities	83,257,090	16,978,548	30,427,632
Noncurrent liabilities:			
Leases payable			
Installment purchase agreements	2,171,473		
Certificates of participation	10,777,000		
Lease revenue bonds payable	17,986,244		
Liability for reported and incurred but not reported claims			
Liability for postclosure costs			
Total noncurrent liabilities	30,934,717	-	-
Total liabilities	114,191,807	16,978,548	30,427,632
NET ASSETS			
Invested in capital assets, net of related debt	77,833,317	7,539	2,198,092
Restricted for debt service	3,594,589		
Restricted for construction	4,709,201		
Restricted for health care		12,784,783	31,118,587
Restricted for self-insurance			
Restricted for other purposes	1,545,744		
Unrestricted (deficit)	(15,827,761)		
Total net assets	$ 71,855,090	$ 12,792,322	$ 33,316,679

The notes to the financial statements are an integral part of this statement.

OTHER ENTERPRISE FUNDS	TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
$ 1,275	$ 1,275	$ 351,878
26,036,016	105,072,063	33,145,444
444,287	61,169,557	
230,649	938,421	187,856
	2,108,623	
	1,897,909	
	6,436,921	1,613,124
	4,231,654	2,502,283
3,944	770,789	
26,716,171	182,627,212	37,800,585
	8,303,790	
1,187,486	2,909,679	
63,562	86,435,206	323,649
2,827,850	99,374,324	
	25,650,364	5,952,864
(2,817,546)	(97,760,974)	(3,705,840)
1,261,352	124,912,389	2,570,673
27,977,523	307,539,601	40,371,258
1,470,070	16,891,383	6,993,559
12,745	6,853,931	524,300
432,438	5,578,116	234,936
	311,832	
	56,905,273	1,556,050
	775,048	
	263,641	
		34,172
	436,342	
59,151	828,151	
	2,513,756	
8,945,812	50,226,013	12,243,524
3,655,934	3,655,934	
14,576,150	145,239,420	21,586,541
		64,638
	2,171,473	
163,368	10,940,368	
	17,986,244	
		30,227,939
4,461,206	4,461,206	
4,624,574	35,559,291	30,292,577
19,200,724	180,798,711	51,879,118
1,038,833	81,077,781	2,471,863
	3,594,589	
	4,709,201	
	43,903,370	
		(14,267,164)
	1,545,744	
7,737,966	(8,089,795)	287,441
$ 8,776,799	$ 126,740,890	$ (11,507,860)

Maricopa County
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2002

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MEDICAL CENTER	MARICOPA HEALTH PLAN	ALTCS
OPERATING REVENUES			
Net patient service revenue	$ 274,814,011	$	$
Charges for services	17,132,382	100,104,747	252,343,614
Miscellaneous	1,887,175		
Total operating revenues	293,833,568	100,104,747	252,343,614
OPERATING EXPENSES			
Personal services	137,447,729	3,160,863	11,821,193
Supplies	43,690,978	427,083	948,351
Medical services	25,765,835	88,315,722	224,281,606
Other services	32,177,172	264,157	1,148,935
Legal			
Insurance	68,157		
Leases and rentals	2,197,884	86,680	746,193
Repairs and maintenance	3,921,775		
Travel and transportation			
Utilities	4,277,090		
Provision for doubtful accounts	56,856,455		
Indigent patient direct write-offs	16,301,482		
Depreciation	10,541,914	13,773	99,966
Miscellaneous	2,182,401	900,009	2,607,963
Total operating expenses	335,428,872	93,168,287	241,654,207
Operating income (loss)	(41,595,304)	6,936,460	10,689,407
NONOPERATING REVENUES (EXPENSES)			
Grant revenues	5,014,958		
Investment income	184,086	1,121,474	3,957,605
Interest expense	(5,127,724)		
Loss on disposal of capital assets			
Total nonoperating revenues (expenses)	71,320	1,121,474	3,957,605
Income (loss) before contributions and transfers	(41,523,984)	8,057,934	14,647,012
Capital contributions			
Transfers in	66,217,416		
Transfers out	(941,914)	(17,293,718)	(26,719,376)
Change in net assets	23,751,518	(9,235,784)	(12,072,364)
Total net assets (deficit) – beginning	48,103,572	22,028,106	45,389,043
Total net assets (deficit) – ending	$ 71,855,090	$ 12,792,322	$ 33,316,679

The notes to the financial statements are an integral part of this statement.

OTHER ENTERPRISE FUNDS	TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
$	$ 274,814,011	$
64,214,098	433,794,841	50,767,198
84,970	1,972,145	1,054,325
64,299,068	710,580,997	51,821,523
3,041,014	155,470,799	6,610,401
433,778	45,500,190	8,137,936
62,133,147	400,496,310	
310,601	33,900,865	3,083,934
		4,564,323
587,201	655,358	18,660,467
142,639	3,173,396	1,774,765
	3,921,775	2,554,487
666	666	81,979
14,893	4,291,983	5,469,687
	56,856,455	
	16,301,482	
141,981	10,797,634	716,394
586,630	6,277,003	20,295
67,392,550	737,643,916	51,674,668
(3,093,482)	(27,062,919)	146,855
1,258,000	6,272,958	873,340
1,096,236	6,359,401	1,176,174
(14,136)	(5,141,860)	(93,003)
(103,280)	(103,280)	(309,729)
2,236,820	7,387,219	1,646,782
(856,662)	(19,675,700)	1,793,637
		260,110
4,737,499	70,954,915	
(247,862)	(45,202,870)	(2,666,002)
3,632,975	6,076,345	(612,255)
5,143,824	120,664,545	(10,895,605)
$ 8,776,799	$ 126,740,890	$ (11,507,860)

Maricopa County
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2002

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MEDICAL CENTER	MARICOPA HEALTH PLAN	ALTCS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from contractors, patients and other payors	$ 219,908,386	$	$
Charges for services		97,620,758	253,688,549
Other receipts			
Payments for goods and services	(115,185,800)	(92,217,255)	(237,582,520)
Payments for personal services	(136,243,015)	(3,160,863)	(11,874,530)
Net cash provided (used) by operating activities	(31,520,429)	2,242,640	4,231,499
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from other funds	56,905,273		
Grant receipts	5,304,728		
Cash transfers from other funds	64,358,793		
Cash transfers to other funds	(941,914)	(17,293,718)	(41,751,082)
Interest payments	(4,440,367)		
Loan payments to County General Fund	(76,228,477)		
Net cash provided (used) by noncapital financing activities	44,958,036	(17,293,718)	(41,751,082)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(28,289,491)		(1,168,961)
Capital lease payments	(229,159)		
Certificates of participation payments			
Installment purchase contract payments	(415,296)		
Interest payments on long-term debt	(1,145,187)		
Proceeds from sale of capital assets			
Net cash used by capital and related financing activities	(30,079,133)		(1,168,961)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	184,086	1,524,929	4,942,689
Proceeds from the sale of investments			
Net cash provided by investing activities	184,086	1,524,929	4,942,689
Net increase (decrease) in cash and cash equivalents	(16,457,440)	(13,526,149)	(33,745,855)
Cash and cash equivalents, July 1, 2001	24,761,230	35,401,762	90,906,289
Cash and cash equivalents, June 30, 2002	$ 8,303,790	$ 21,875,613	$ 57,160,434
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	(41,595,304)	6,936,460	10,689,407
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation expense	10,541,914	13,773	99,966
Provision for doubtful accounts	56,856,455		
Indigent patient direct write-offs	16,301,482		
Liability for reported and incurred but not reported claims -- noncurrent			
Liability for postclosure costs - noncurrent			
Changes in assets and liabilities:			
Accounts receivable	(73,675,182)	(1,036,625)	1,512,925
Due from other funds	(250,000)		
Due from other governmental units	299,773		39,764
Inventories	(789,217)		
Prepaids	858,887	(1,067,121)	
Miscellaneous	(766,845)		
Vouchers payable	333,200	202,443	(1,269,921)
Employee compensation payable	1,204,714		
Accrued liabilities	(71,137)	1,112,993	(747,945)
Due to other governmental units	(769,169)	(271,368)	(15,248)
Liability for reported and incurred but not reported claims -- current		(3,647,915)	(6,077,449)
Liability for closure and postclosure costs - current			
Net cash provided (used) for operating activities	$ (31,520,429)	$ 2,242,640	$ 4,231,499
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Allowance for uncollectible accounts	$ 50,167,887		
Accounts receivable write-offs	(50,167,887)		
Buildings	12,033,695		
Construction in progress completed	(12,033,695)		
Accumulated depreciation from disposed capital assets	233,544		
Machinery and equipment disposed	(233,544)		
Loss on disposal of equipment			
Building included in vouchers payable	28,613		
Machinery and equipment included in vouchers payable	897,319		
Vouchers payable	(925,932)		
Machinery and equipment acquired under a capital lease			
Borrowing under a capital lease			
Transfer capital assets to County-wide capital assets			
Deletion of equipment			

The notes to the financial statements are an integral part of this statement.

OTHER ENTERPRISE FUNDS	TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
$	$ 219,908,386	$
64,212,828	415,522,135	50,767,198
88,582	88,582	1,057,640
(60,103,601)	(505,089,176)	(40,078,131)
(3,038,482)	(154,316,890)	(6,612,356)
1,159,327	(23,886,963)	5,134,351
	56,905,273	1,556,050
1,258,000	6,562,728	873,340
4,737,499	69,096,292	
(247,862)	(60,234,576)	
	(4,440,367)	(90,007)
	(76,228,477)	(1,316,784)
5,747,637	(8,339,127)	1,022,599
	(29,458,452)	(1,429,486)
	(229,159)	(26,480)
(56,334)	(56,334)	
	(415,296)	
(14,136)	(1,159,323)	(3,224)
		80,930
(70,470)	(31,318,564)	(1,378,260)
1,107,539	7,759,243	1,248,449
		2,429,908
1,107,539	7,759,243	3,678,357
7,944,033	(55,785,411)	8,457,047
18,093,258	169,162,539	25,040,275
$ 26,037,291	$ 113,377,128	$ 33,497,322
(3,093,482)	(27,062,919)	146,855
141,981	10,797,634	716,394
	56,856,455	
	16,301,482	
		11,953,924
4,461,206	4,461,206	
(1,270)	(73,200,152)	
	(250,000)	
	339,537	
	(789,217)	316,954
68,494	(139,740)	(1,802,360)
3,612	(763,233)	
153,769	(580,509)	4,222,514
2,532	1,207,246	(1,955)
(8,237,652)	(7,943,741)	(226,583)
	(1,055,785)	
4,004,203	(5,721,161)	(10,191,392)
3,655,934	3,655,934	
$ 1,159,327	$ (23,886,963)	$ 5,134,351
$	$ 50,167,887	$
	(50,167,887)	
	12,033,695	
	(12,033,695)	
2,219,582	2,453,126	2,192,146
(2,322,862)	(2,556,406)	(2,582,805)
103,280	103,280	390,659
	28,613	
	897,319	
	(925,932)	
		125,290
		(125,290)
		2,666,002
		(2,666,002)

Maricopa County
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2002

	INVESTMENT TRUST FUNDS	AGENCY FUNDS
Assets		
Cash in bank and on hand	$	$ 26,258,920
Cash and investments held by County Treasurer	1,181,576,123	53,450,366
Accrued interest receivable	6,602,839	
Total assets	1,188,178,962	79,709,286
Liabilities		
Due to other governmental units		11,302,559
Deposits held for other parties		68,406,727
Total liabilities		$ 79,709,286
Net Assets		
Held in trust for investment participants	$ 1,188,178,962	

The notes to the financial statements are an integral part of this statement.

Maricopa County
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2002

	INVESTMENT TRUST FUNDS
Additions:	
Contributions from participants	$ 8,731,655,895
Investment income:	
Interest income	37,411,360
Net decrease in fair value of investments	(2,240,525)
Net investment earnings	35,170,835
Total additions	8,766,826,730
Deductions:	
Distributions to participants	8,900,638,636
Total deductions	8,900,638,636
Change in net assets	(133,811,906)
Net assets – beginning	1,321,990,868
Net assets – ending	$ 1,188,178,962

The notes to the financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Maricopa County conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). During the year ended June 30, 2002, the County implemented GASB Statement No. 34, as amended by GASB Statement No. 37, which prescribes a new reporting model consisting of both government-wide and fund financial statements. The County also implemented GASB Statement No. 38, which prescribes new and revised note disclosures.

A. Reporting Entity

Maricopa County is a general purpose local government governed by a separately elected board of five county supervisors. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the County's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. Each blended component unit discussed below has a June 30 year-end. The County has no discretely presented component units.

The reporting entity is thus comprised of the primary government, Maricopa County Flood Control District, Maricopa County Library District, Maricopa County Public Finance Corporation, Maricopa County Special Assessment Districts, Maricopa County Stadium District, and the Maricopa County Street Lighting Districts.

The blended component units are as follows:

Maricopa County Flood Control District

The Maricopa County Flood Control District is a legally separate entity that provides flood control facilities and regulates floodplains and drainage to prevent flooding of property in Maricopa County. As the County Board of Supervisors serves as the Board of Directors of the Flood Control District, the District is considered a component unit of the County.

Maricopa County Library District

The Library District is a legally separate entity that provides and maintains library services for the residents of Maricopa County. As the County Board of Supervisors serves as the Board of Directors of the Library District, the District is considered a component unit of the County.

Maricopa County Public Finance Corporation

The Maricopa County Public Finance Corporation is a nonprofit corporation created by the Maricopa County Board of Supervisors to assist in the acquisition, construction and improvement of County facilities, including real property and personal property. As the County Board of Supervisors serves as the Board of Directors of the Public Finance Corporation, the Corporation is considered a component unit of the County. The corporation issued certificates of participation and lease revenue bonds that evidence undivided proportionate interests in rent payments to be made under the lease agreements, with an option to purchase, between Maricopa County and the Corporation. The Corporation has no assets or operating activities to report.

Maricopa County Special Assessment Districts

The Special Assessment Districts are legally separate entities that provide improvements to various properties within the County. As the County Board of Supervisors serves as the Board of Directors of the Maricopa County Special Assessment Districts, the Districts are considered a component unit of the County.

Maricopa County Stadium District

The Stadium District is a legally separate entity that provides regional leadership and fiscal resources to assure the presence of Major League Baseball in Maricopa County. As the County Board of Supervisors serves as the Board of Directors of the Maricopa County Stadium District, the District is considered a component unit of the County.

Maricopa County Street Lighting Districts

The Street Lighting Districts are legally separate entities that provide street lighting in areas of the County that are not under local city jurisdictions. As the County Board of Supervisors serves as the Board of Directors of the Maricopa County Street Lighting Districts, the Districts are considered a component unit of the County.

Complete financial statements of the Maricopa County Stadium District may be obtained at the entity's administrative office listed below:

Maricopa County Stadium District
Bank One Ballpark
401 East Jefferson
Phoenix, Arizona 85004

Separate financial statements of the remaining blended component units are not prepared.

Related Organization

The Industrial Development Authority of Maricopa County (Authority) is a legally separate entity that was created to assist in the financing of commercial and industrial enterprises; safe, sanitary, and affordable housing; and healthcare facilities. The Authority fulfills its function through the issuance of tax exempt or taxable revenue bonds. The County Board of Supervisors appoints the Authority's Board of Directors. The Authority's operations are completely separate from the County and the County is not financially accountable for the Authority. Therefore, the financial activities of the Authority have not been included in the accompanying financial statements.

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund-based financial statements. The government-wide statements focus on the County as a whole, while the fund-based financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide financial statements – provide information about the primary government (the County) and its component units. The statements include a statement of net assets and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County allocates indirect expenses to programs or functions. Program revenues include:

- Charges to customers or applicants for goods, services, or privileges provided,
- Operating grants and contributions, and
- Capital grants and contributions.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities. However, charges for interfund services provided and used are not eliminated if doing so would distort the direct costs and program revenues reported by the departments concerned.

Fund financial statements – provide information about the County's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund operating revenues, such as charges for services, result from transactions associated with the fund's principal activity in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from transactions in which the parties do not exchange equal values. Revenues generated by ancillary activities are also reported as nonoperating revenues.

The County reports the following major governmental funds:

The General Fund – is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Transportation Fund – plans and implements an environmentally balanced multi-model transportation system. Operations are funded through highway user taxes.

The Flood Control Fund – provides flood control facilities and regulates floodplains and drainage to prevent flooding of property and endangering the lives of people in Maricopa County. Operations are funded by a secondary tax levy.

The Jail Operations Fund – was established under the authority of propositions 400 and 401, which were passed in the General Election of November 3, 1998. These propositions authorized a temporary 1/5 cent sales tax to be used for the construction and operation of adult and juvenile detention facilities.

The General Obligation Fund – accounts for debt service on all various purpose general obligation bonds. Funding is provided by the County's secondary property tax revenues, which may be used only for debt service.

The Lease Revenue Fund – accounts for the debt service on the Lease Revenue Bonds, Series 2001. Funding is provided by transfers from the General Fund.

The Jail Construction Fund – accounts for the proceeds associated with the temporary 1/5 of one-cent Sales Tax approved by voters in the General Election on November 3, 1998. The proceeds are for the construction and operation of adult and juvenile detention facilities. The voters approved the extension of the 1/5 of one-cent sales tax in the General Election on November 5, 2002. The extension shall be levied beginning in the month following the expiration of the previous tax as approved by the voters in 1998.

The County Improvement Fund – accounts for capital projects funded through the issuance of the Lease Revenue Bonds, Series 2001.

The County reports the following major enterprise funds:

The Medical Center Fund – accounts for the operations of the Maricopa Medical Center which provides quality, cost competitive health care and health professional education to assure the health security of individuals, families, and the community.

The Maricopa Health Plan Fund – is an ambulatory health care plan operated by Maricopa Managed Care System (MMCS). MMCS contracts with the Arizona Health Care Cost Containment System (AHCCCS) which provides monthly capitation revenues based on Maricopa Health Plan (MHP) enrollment.

The Arizona Long-Term Care System (ALTCS) Fund – is a managed care, long term care plan operated by Maricopa Managed Care Systems (MMCS). Chronically ill and physically disabled patients receive medical services as a result of an annual contract with the Arizona Health Care Cost Containment System (AHCCCS).

The County reports the following fund types:

The internal service funds – account for automotive maintenance and service, telecommunications services, printing and duplicating services, insurance services, self insured employee benefits, and warehouse services provided to County departments or to other governments on a cost reimbursement basis.

The investment trust funds – account for assets held and invested by the County Treasurer on behalf of other governmental entities.

The agency funds – account for assets held by the County as an agent for the State and various local governments, and for the property taxes collected and distributed to the State, local school districts, community college districts and special districts.

C. Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and landfill closure and postclosure care costs, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds.

Proceeds of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred there are both restricted and unrestricted net assets available to finance the program. The County applies grant resources to such programs before using general revenues.

The County's business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Cash and Investments

For purposes of its statements of cash flows, the County considers only those highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

E. Inventories

Inventories of the governmental funds consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and are offset by a fund balance reserve to indicate that they do not constitute "available spendable resources." These inventories are stated at weighted-average cost.

Inventories of the proprietary funds are recorded as assets when purchased and expensed when consumed. The amount shown on the balance sheet for the enterprise funds is valued at cost using the first-in, first-out method. The amount shown on the balance sheet for the internal service funds is valued at cost using the moving average method.

F. Property Tax Calendar

The County levies real property taxes and commercial personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

During the year, the County also levies mobile home personal property taxes that are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days later.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide statements and the proprietary funds. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000. The Maricopa Health Plan, Medical Center, Arizona Long Term Care System and Non-AHCCCS Health Plans (Enterprise Funds) capitalize assets with a cost of $1,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

TYPE OF ASSETS	ESTIMATED USEFUL LIFE IN YEARS
Buildings	20 - 50
Infrastructure	20 - 50
Autos and trucks	3 - 10
Other equipment	3 - 20

All infrastructure assets maintained by the County Department of Transportation, consisting of roadways, bridges and related assets, are reported on the government-wide financial statements. These assets will not be depreciated as they are maintained using the modified approach. The Flood Control District accounts for the County's remaining infrastructure assets consisting of drainage systems, dams, flood channels and canals. For the Flood Control District, only infrastructure assets acquired during fiscal year 2002 are reported on the government-wide financial statements. No depreciation expense was reported for the Flood Control District for the current fiscal year as all infrastructure assets were reported as construction in progress.

H. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

I. Compensated Absences

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered.

Employees may accumulate up to 240 hours of vacation leave, but any vacation hours in excess of the maximum amount that are unused at calendar year-end convert to sick leave. Upon termination of employment, all unused vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, upon retirement, County employees with accumulated sick leave in excess of 1,000 hours are entitled to a $3,000 bonus. The amount of such bonuses is accrued as a liability.

NOTE 2 – REPORTING CHANGES

During the fiscal year 2001-02, Maricopa County established the Intergovernmental Capital Projects Fund as a capital projects fund and the Clerk of Court EDMS as a special revenue fund. The County also retitled the County Improvement Fund to the Lease Revenue Fund (debt service fund). As a result of the implementation of GASB Statement No. 34, restricted donation activities were reclassified from the Expendable Trust Fund to the Animal Control Donations Fund and the Parks Donations Fund (special revenue funds).

NOTE 3 – BEGINNING BALANCES RESTATED

As a result of implementing GASB Statement No. 34, the County's governmental fund-type fund balances as of June 30, 2001, have been restated as net assets as of July 1, 2001, on the government-wide Statement of Activities and its Proprietary Funds fund equity have been relabeled net assets as of July 1, 2001, on the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets. The reconciliation below summarizes the differences between governmental fund-type fund balances as of June 30, 2001, as previously reported, to net assets as of July 1, 2001, reported on the government-wide Statement of Activities.

Aggregate fund balances of governmental fund types as of June 30, 2001		$	647,525,749
Add:	Capital assets, net of accumulated depreciation		1,292,773,238
	Revenues earned but not yet available		5,704,084
	Reclassify Expendable Trust Fund to Special Revenue Funds		415,456
Less:	Long-term liabilities		(425,451,046)
	Internal Service Funds net assets deficit		(10,895,605)
Net assets of governmental activities as of July 1, 2001		$	1,510,071,876

The net capital assets balance of $1,292,773,238 represents the beginning restated net capital assets balance of $1,297,302,080 for governmental activities reported in Note 10 less the June 30, 2001, Internal Service Funds net capital assets balance of $4,528,842. The long-term liabilities balance of $425,451,046 represents the beginning restated long-term liabilities balance of $463,028,750 for governmental activities reported in Note 12 less the long-term liabilities balances at June 30, 2001, for the Internal Service Funds - $40,708,931 and the Debt Service Funds - $23,198,871 plus the previously reported long-term employee compensation liability at June 30, 2001, of $26,330,098.

The aggregate fund balances of governmental fund types was restated at July 1, 2001, from $647,525,749 to $654,990,205, on the fund financial statements as a result of implementing GASB Interpretation No. 6 to remove compensated absences payable from the fund financial statements for the governmental funds. The restatement increased beginning fund balances for the following governmental funds: General Fund - $3,749,000, Transportation Fund - $327,000, Flood Control Fund - $184,000, Jail Operations Fund - $1,111,000, Jail Construction Fund - $6,000 and Other Nonmajor Governmental Funds - $1,672,000. In addition, as a result of implementing GASB Statement No. 34, the Expendable Trust Fund's prior year ending balance of $415,456 was reclassified to governmental funds (see Note 2).

NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund Balance Sheet includes a reconciliation between fund balances – total governmental funds and net assets – governmental activities as reported in the government-wide Statement of Net Assets. The details of this reconciliation follows:

Fund balances – total governmental funds	$ 673,536,272

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Land	$ 177,378,461
Buildings	735,881,798
Equipment	152,445,404
Infrastructure	357,036,458
Construction in progress	365,055,919
Accumulated depreciation	(261,547,322)
Net governmental funds capital assets at June 30, 2002	$1,526,250,718

Other assets are not available to pay for current period expenditures and therefore, are deferred in the funds.

Deferred revenue for property taxes receivable at June 30, 2002	$ 7,086,075
Deferred revenue for grant revenues receivable at June 30, 2002	5,290,035
Housing long-term note receivable at June 30, 2002	3,000,000
	$ 15,376,110

Internal service funds are used by management to charge the costs of equipment services, telecommunications, reprographics, risk management, employee benefits, and the sheriff warehouse to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	$ (11,507,860)

Some long-term liabilities and compensated absences are not due and payable shortly after June 30, 2002, and therefore, are not reported in the funds.

Noncurrent general obligation bonds due in more than one year at June 30, 2002	$ (39,515,000)
Noncurrent lease revenue bonds due in more than one year at June 30, 2002	(91,558,756)
Stadium District revenue bonds payable at June 30, 2002	(58,225,000)
Stadium District contractual obligations payable at June 30, 2002	(7,888,888)
Special assessment debt with governmental commitment payable at June 30, 2002	(403,021)
Housing bonds and loans payable at June 30, 2002	(1,819,847)
Deferred issuance cost at June 30, 2002	4,632,046
Bond premium payable at June 30, 2002	(9,246,448)
Certificates of participation payable at June 30, 2002	(9,804,315)
Governmental funds capital leases payable at June 30, 2002	(19,343,566)
Claims and judgements payable at June 30, 2002	(133,353,486)
Governmental funds compensated absences payable at June 30, 2002	(32,531,682)
Accrued bond interest payable at June 30, 2002	(504,024)
	$ (399,561,987)

Net assets of governmental activities	$1,804,093,253

Notes to the Financial Statements (Continued)

The governmental fund reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances is a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide Statement of Activities. The details of this reconciliation follows:

Net change in fund balances – total governmental funds	$	16,188,563

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Governmental funds capital outlay	$	294,010,771
Government-wide depreciation expense for the year ended June 30, 2002		(33,071,391)
Add: Internal service funds depreciation expense for the year ended June 30, 2002		716,394
	$	261,655,774

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.

Disposed capital assets for the year ended June 30, 2002	$	(74,313,592)
Accumulated depreciation associated with disposed capital assets		46,135,298
	$	(28,178,294)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Housing long-term notes receivable at June 30, 2002	$	3,000,000
Grant revenues earned during the year ended June 30, 2002		5,290,035
Property taxes earned during the year ended June 30, 2002		1,432,796
	$	9,722,831

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on bonds	$	39,618,137
Proceeds from capital leases		(9,843,870)
Proceeds from bond issuance		(78,450,670)
Premium on refunding bonds		(3,541,257)
Payment to escrow agent		77,980,850
Principal payments on certificates of participation		3,770,803
Principal payments on capital leases		4,752,140
Other debt service payments		1,179,104
	$	35,465,237

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Employee compensation payable incurred during the year ended June 30, 2002	$	1,061,498
Increase in reserve for inventories		2,357,504
Increase in claims and judgements payable		(2,046,804)
Accrued interest		(1,592,677)
	$	(220,479)

Internal service funds are used by management to charge the costs of equipment services, telecommunications, reprographics, risk management, employee benefits, and the sheriff warehouse to individual funds. The net revenue of internal service funds is reported with governmental activities.	$	(612,255)
Change in net assets of governmental activities	$	294,021,377

NOTE 5 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

At June 30, 2002, the following funds reported deficits in fund balances or net assets.

FUND	DEFICIT
Governmental Funds:	
Accommodation Schools	$ 265,943
Adult Probation Grants	40,421
Animal Control	517,245
Clerk of Court Grants	423,890
Correctional Health Grants	41,675
County Attorney Grants	310,373
Human Service Grants	2,245,722
Juvenile Court Grants	91,267
Public Defender Training	78,623
Proprietary Funds:	
Equipment Services	$ 374,013
Non-AHCCCS Health Plans	182,869
Risk Management	18,020,030

The deficits in fund balances or net assets for Adult Probation Grants, Clerk of Court Grants, Correctional Health Grants, County Attorney Grants, Human Service Grants and Juvenile Court Grants Funds were attributed to the deferring of certain grant revenues. The County accrues grant revenue received within 60 days after year-end, as it is available and measurable. Revenues received after 60 days are considered not available and are therefore deferred.

The Non-AHCCCS Health Plans deficit of $182,869 was partially corrected from the prior fiscal year by transfers in from other funds. The deficit is not expected to be corrected through normal operations in fiscal year 2002-03.

The Risk Management Fund deficit is the result of the County Board of Supervisors electing to not fund the Risk Management Fund's unpaid claims. Consequently, the Risk Management Fund only billed user departments for operating costs and administrative expenses from fiscal year 1995-96 to fiscal year 1998-99, resulting in a fund deficit of $23,321,519 at June 30, 1999. On July 1, 1999, Risk Management began billing user departments for actuarially determined paid claim estimates.

The remaining deficits in fund balances or net assets resulted from operations during the year and are expected to be corrected through normal operations in fiscal year 2002-03.

NOTE 6 – DEPOSITS AND INVESTMENTS

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories. Statute requires collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

County Treasurer's Investment Pool – Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer (see Note 7). Those monies are pooled with County monies for investment purposes.

Notes to the Financial Statements (Continued)

At June 30, 2002, the investment pool had cash on hand of $4,500. The carrying amount of the pool's total cash in bank was $9,484,395 and the bank balance was $28,520,114. Of the bank balance, $100,000 was covered by federal depository insurance or by collateral held by the County or its agent in the County's name; and $28,420,114 was covered by collateral held by the pledging financial institution's trust department or agent in the County's name.

At June 30, 2002, the investments in the County Treasurer's investment pool consisted of the following:

	Reported Amount	Fair Value
U.S. government securities	$ 1,903,443,735	$ 1,903,443,735
Total	$ 1,903,443,735	$ 1,903,443,735

The investment pool's investments at June 30, 2002, are categorized below to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered in the County's name, or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name.

	CATEGORY I	CATEGORY II	CATEGORY III	REPORTED AMOUNT	FAIR VALUE
U.S. government securities	$ 1,903,443,735	$	$	$ 1,903,443,735	$ 1,903,443,735
Total investments	$ 1,903,443,735	$	$	$ 1,903,443,735	$ 1,903,443,735

Other Deposits – At June 30, 2002, the total nonpooled cash on hand was $91,560. The carrying amount of the total nonpooled cash in bank was $38,784,048 and the bank balance was $25,560,051. Of the bank balance, $469,337 was covered by federal depository insurance or by collateral held by the County or its agent in the County's name, and $15,965,112 was covered by collateral held by the pledging financial institution's trust department or agent in the County's name, and $9,125,602 was uninsured and uncollateralized.

Other Investments - At June 30, 2002, the County's nonpooled investments consisted of the following:

	Reported Amount	Fair Value
U.S. government securities	$ 25,009,840	$ 25,009,840
Mutual funds	41,110,676	41,110,676
Total	$ 66,120,516	$ 66,120,516

The County's nonpooled investments at June 30, 2002, are categorized below to give an indication of the level of risk assumed by the County at year-end.

	CATEGORY I	CATEGORY II	CATEGORY III	REPORTED AMOUNT	FAIR VALUE
U.S. government securities	$ 11,110,333	$	$ 13,899,507	$ 25,009,840	$ 25,009,840
	$ 11,110,333	$	$ 13,899,507		
Investments not subject to categorization:					
Mutual funds				41,110,676	41,110,676
Total investments				$ 66,120,516	$ 66,120,516

Notes to the Financial Statements (Continued)

The Board of Supervisors authorized $3,982,838 of interest earned in certain other funds to be transferred to the General Fund.

A reconciliation of cash and investments to amounts shown on the Statements of Net Assets follows:

Cash and investments:	County Treasurer's Investment Pool	Other	Total
Cash on hand	$ 4,500	$ 91,560	$ 96,060
Carrying amount of deposits	9,484,395	38,784,048	48,268,443
Reported amount of investments	1,903,443,735	66,120,516	1,969,564,251
Total	$ 1,912,932,630	$ 104,996,124	$ 2,017,928,754

Statements of Net Assets:

	Total Primary Government	Total Fiduciary Funds	Total
Cash in bank and on hand	$ 13,057,331	$ 26,258,920	$ 39,316,251
Cash and investments held by County Treasurer	689,016,474	1,235,026,489	1,924,042,963
Cash and investments held by trustee	54,569,540	0	54,569,540
Total	$ 756,643,345	$ 1,261,285,409	$ 2,017,928,754

NOTE 7 – CONDENSED FINANCIAL STATEMENTS OF COUNTY TREASURER'S INVESTMENT POOL

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The Treasurer has a fiduciary responsibility to administer those and the County monies under his stewardship. The Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the Treasurer determines the fair value of those pooled investments monthly and at June 30.

The County Treasurer's investment pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. The structure of the pool does not provide for shares and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments.

Details of each major investment classification follows.

Investment Type	Principal	Interest Rates	Maturities	Fair Value	Reported Amount
U. S. government securities	$ 1,897,102,577	1.68 – 7.25%	Up to 3 Years	$ 1,903,443,735	$ 1,903,443,735

A condensed statement of the investment pool's net assets and changes in net assets follows.

Statement of net assets	
Assets	$ 1,924,699,661
Liabilities	0
Net assets	$ 1,924,699,661
Net assets held in trust for:	
Internal participants	$ 740,120,699
External participants	1,184,578,962
Total net assets held in trust	$ 1,924,699,661

Notes to the Financial Statements (Continued)

Statement of changes in net assets	
Total additions	$ 17,104,494,938
Total deductions	17,111,049,923
Net increase/(decrease)	(6,554,985)
Net assets held in trust:	
July 1, 2001	1,931,254,646
June 30, 2002	$ 1,924,699,661

NOTE 8 – RECEIVABLES

Receivables as of year-end for the County's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

GOVERNMENTAL FUNDS

	GENERAL	TRANSPOR-TATION	FLOOD CONTROL	JAIL OPER-ATIONS	GENERAL OBLIGA-TION	LEASE-REVENUE	COUNTY IMPROVE-MENT	OTHER GOVERNMENTAL FUNDS	TOTAL
Receivables:									
Accrued interest	$ 1,319,981	$ 128,530	$ 100,418	$ 627,156	$	$ 541,372	$ 317,840	$ 516,323	$ 3,551,620
Taxes	7,464,305		1,159,057		628,100			287,117	9,538,579
Special assessments								513,537	513,537
Total receivables	$ 8,784,286	$ 128,530	$ 1,259,475	$ 627,156	$ 628,100	$ 541,372	$ 317,840	$ 1,316,977	$ 13,603,736

PROPRIETARY FUNDS

	MEDICAL CENTER	MARICOPA HEALTH PLAN	ALTCS	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS	TOTAL
Receivables:						
Accounts	$ 128,693,471	$ 6,733,151	$ 3,765,459	$ 444,287	$	$ 139,636,368
Accrued interest		87,446	620,326	230,649	187,856	1,126,277
Gross receivables	128,693,471	6,820,597	4,385,785	674,936	187,856	140,762,645
Less: allowance for uncollectibles	(78,466,811)					(78,466,811)
Net total receivables	$ 50,226,660	$ 6,820,597	$ 4,385,785	$ 674,936	$ 187,856	$ 62,295,834

NOTE 9 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2002, of $146,309,982, as reported on the Governmental Funds Balance Sheet, include $55,063,482, $19,237,581 and $13,169,120 in state-shared revenues for sales taxes, vehicle license taxes and highway user taxes, respectively; $16,225,622 in jail tax collected by the State but not received by the County; $880,863 in rental car surcharge collected by the State but not received by the County; $20,484,948 in various Federal and State grants; $3,921,160 due from other governments for prisoner detention and police services; and $15,702,126 due from cities and towns for Flood Control and Transportation intergovernmental agreements. The balance of $1,625,080 is comprised of miscellaneous receivables from Federal, State and local governments.

NOTE 10 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2002 was as follows:

	BALANCE JULY 1, 2001 RESTATED	INCREASES	DECREASES	BALANCE JUNE 30, 2002
Governmental activities:				
Nondepreciable assets:				
Land	$ 146,500,730	$ 61,011,727	$ 30,133,996	$ 177,378,461
Construction in progress	181,165,660	240,229,290	56,339,031	365,055,919
Infrastructure	355,112,429	1,924,029		357,036,458
Total capital assets not being depreciated	682,778,819	303,165,046	86,473,027	899,470,838
Depreciable assets:				
Buildings	703,953,324	141,226,200	108,974,077	736,205,447
Machinery and equipment	191,079,151	40,961,715	73,642,598	158,398,268
Total	895,032,475	182,187,915	182,616,675	894,603,715
Less accumulated depreciation for:				
Buildings	150,989,400	15,725,987	2,107,778	164,607,609
Machinery and equipment	129,519,814	17,345,404	46,219,665	100,645,553
Total	280,509,214	33,071,391	48,327,443	265,253,162
Total capital assets being depreciated, net	614,523,261	149,116,524	134,289,232	629,350,553
Governmental activities capital assets, net	$ 1,297,302,080	$ 452,281,570	$ 220,762,259	$ 1,528,821,391
Business-type activities:				
Nondepreciable assets:				
Land	$ 1,489,679	$ 1,420,000	$	$ 2,909,679
Construction in progress	33,304,314	4,379,745	12,033,695	25,650,364
Total capital assets not being depreciated	34,793,993	5,799,745	12,033,695	28,560,043
Depreciable assets:				
Buildings	74,422,329	12,960,753	947,876	86,435,206
Machinery and equipment	84,172,394	16,810,460	1,608,530	99,374,324
Total	158,594,723	29,771,213	2,556,406	185,809,530
Less accumulated depreciation for:				
Buildings	35,469,983	3,482,309	31,644	38,920,648
Machinery and equipment	53,946,483	7,315,325	2,421,482	58,840,326
Total	89,416,466	10,797,634	2,453,126	97,760,974
Total capital assets being depreciated, net	69,178,257	18,973,579	103,280	88,048,556
Business-type activities capital assets, net	$ 103,972,250	$ 24,773,324	$ 12,136,975	$ 116,608,599

The July 1, 2001 governmental activities capital assets balances were restated due to the implementation of GASB Statement No. 34, the County capitalized its Department of Transportation infrastructure retroactively resulting in an adjustment to beginning balances of $490,214,318 ($355,112,429 was reported as infrastructure and the remaining $135,101,889 was reported in construction in progress and land). In addition, the County restated the governmental activities beginning balances of land (increased $28,331,911), buildings (decreased $8,101,891), and machinery and equipment (decreased $20,230,020) to correct prior year misclassifications. Furthermore, the County reclassified the prior year ending balances of improvements other than buildings for governmental activities ($53,314,018) and business-type activities ($3,288,729) to the beginning balances of buildings as these improvements were closely associated with specific buildings.

Depreciation expense was charged to functions/programs as follows:

Government activities:		
General government	$	6,775,007
Public safety		11,364,854
Highways and streets		3,765,178
Health, welfare and sanitation		2,589,252
Culture and recreation		7,747,172
Education		113,534
Internal service funds		716,394
Total governmental activities depreciation expense	$	33,071,391

Business-type activities:		
Medical Center	$	10,541,914
Maricopa Health Plan		13,773
Arizona Long-Term Care System		99,966
Other		141,981
Total business-type activities depreciation expense	$	10,797,634

NOTE 11 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2002, Maricopa County had the following major contractual commitments related to various capital projects. Commitments have been grouped into four major categories: Transportation Construction Projects, Flood Control Construction Projects, Construction and Maintenance of Adult and Juvenile Jail Facilities, and Construction of the Administration Center and various County facilities.

Transportation Construction Projects

At June 30, 2002, the Maricopa County Transportation Department had contractual commitments of $15,291,933 for construction of various highway projects. Funding for these expenditures will be provided from Highway User Fuel Tax, the primary source of revenue for the Transportation Department.

Flood Control Construction Projects

At June 30, 2002, the Maricopa County Flood Control District had contractual commitments of $39,418,000 for the construction of various flood control projects. Funding for these expenditures will be provided from the Flood Control District's tax levy of property within Maricopa County, the primary source of revenue for the Flood Control District.

Construction and Maintenance of Adult and Juvenile Jail Facilities

On November 3, 1998, at the general election, the voters approved a 1/5 of one-cent sales tax to begin January 1, 1999, for the construction and maintenance of adult and juvenile jail facilities. The tax shall continue in effect until $900 million of revenue is collected, but in no event more than nine years. At June 30, 2002, Maricopa County had contractual commitments of $175,940,472.

On November 5, 2002, at the general election, the voters approved an extension of the existing jail sales tax of 1/5 of one-cent for jail facilities and programs. The extension shall be levied beginning the month following the expiration of the previous tax as approved by the voters in 1998.

Construction of Administration Center and various County facilities

At June 30, 2002, Maricopa County had contractual commitments of $2,009,165 related to major capital projects financed by the Lease Revenue Bonds, Series 2001.

NOTE 12 – LONG-TERM LIABILITIES

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2002.

	BALANCE JULY 1, 2001, RESTATED	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2002	DUE WITHIN ONE YEAR
Governmental activities:					
Bonds, loans, and other payables:					
General obligation bonds	$ 79,595,000	$ 20,165,000	$ 41,390,000	$ 58,370,000	$ 18,855,000
Lease revenue bonds	104,355,000			104,355,000	12,796,244
Stadium District revenue bonds	28,658,512	58,225,000	28,658,512	58,225,000	1,000,000
Stadium District debt with governmental commitment	27,935,000		27,935,000		
Stadium District contractual obligations	13,888,888		6,000,000	7,888,888	
Special assessment debt with governmental commitment	589,431	60,670	191,124	458,977	64,608
Housing department bonds	81,862		16,937	64,925	14,114
Housing department loans	1,861,500		106,578	1,754,922	113,612
Certificates of participation payable	13,575,118		3,770,803	9,804,315	3,996,231
Capital leases	14,225,356	9,969,160	4,752,140	19,442,376	4,520,352
Total bonds, loans, and other payables	284,765,667	88,419,830	112,821,094	260,364,403	41,360,161
Plus: bond premium	6,247,470	3,541,257	542,279	9,246,448	
Total bonds, loans, and other payables	291,013,137	91,961,087	113,363,373	269,610,851	41,360,161
Other liabilities:					
Claims and judgements payable	131,306,682	2,046,804		133,353,486	14,714,000
Reported and incurred but not reported claims	40,708,931	14,253,527	12,490,995	42,471,463	12,243,524
Totals other liabilities	172,015,613	16,300,331	12,490,995	175,824,949	26,957,524
Governmental activities long-term liabilities	$ 463,028,750	$ 108,261,418	$ 125,854,368	$ 445,435,800	$ 68,317,685
Business-type Activities:					
Bonds and other payables:					
Lease revenue bonds	$ 20,500,000	$	$	$ 20,500,000	$ 2,513,756
Certificates of participation	11,824,853		56,334	11,768,519	828,151
Capital leases	229,159		229,159		
Installment purchase agreements	3,023,111		415,296	2,607,815	436,342
Total bonds and other payables	35,577,123		700,789	34,876,334	3,778,249
Other liabilities:					
Reported and incurred but not reported claims	55,947,174	44,923,718	50,644,879	50,226,013	50,226,013
Liability for closure and postclosure costs	8,214,121		96,981	8,117,140	3,655,934
Total other liabilities	64,161,295	44,923,718	50,741,860	58,343,153	53,881,947
Business-type activities long-term liabilities	$ 99,738,418	$ 44,923,718	$ 51,442,649	$ 93,219,487	$ 57,660,196

The Stadium District revenue bonds and contractual obligations were restated at July 1, 2001, resulting in an increase in long-term liabilities of $1,486,469 and $13,888,888, respectively, due to the recalculation of the liability for variable rate debt and the inclusion of contractual obligations. In addition, compensated absences previously reported as a long-term liability is substantially paid within one year from fiscal year-end and is therefore reported as a current liability on the government-wide financial statement in accordance with GASB Statement No. 34.

Bonds and loans payable were as follows at June 30, 2002:

General Obligation Bonds

General obligation bonds are direct obligations of the government. Prior to issuance, general obligation bonds have a majority vote approval from the residents. Principal and interest are payable from secondary property taxes levied on all taxable property within the County without limitation as to rate or amount. The bonds are generally callable and the interest is payable semiannually.

DESCRIPTION	AMOUNT OF ISSUE	INTEREST RATES	MATURITY DATES	OUTSTANDING AT JUNE 30, 2002
1986 Bond Issue				
Series D (1993)	$ 25,575,000	4.6 – 4.7%	7-1-02/03	$ 2,000,000
1992 Refunding Bond Issue				
First Series 1992	68,500,000	5.0%	7-1-02/03	950,000
Second Series 1992	67,500,000	6.25%	7-1-02/03	34,250,000
1994 Refunding Bond Issue				
1994A Tax Exempt	9,220,000	5.2%	7-1-02	335,000
1995 Refunding Bond Issue	17,320,000	4.7%	7-1-02	670,000
2001 Refunding Bond Issue	20,165,000	4%	7-1-04	20,165,000
	$ 208,280,000			$ 58,370,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

	GOVERNMENTAL ACTIVITIES	
	General Obligation Bonds	
Year Ended June 30	Principal	Interest
2003	$ 18,855,000	$ 2,634,209
2004	19,350,000	1,401,975
2005	20,165,000	403,300
Total	$ 58,370,000	$ 4,439,484

Refunded and Refinanced Obligations - On December 1, 2001, the County issued general obligation bonds of $20,165,000 (par value) with an interest rate of 4% to current refund term bonds from the 1986 Bond Issue Series D (1993) with an interest rate of 4.875% and a par value of $20,000,000. The term bonds would have matured on July 1, 2004, and were redeemed on January 1, 2002. The general obligation bonds were issued at a premium of $425,280, and accrued interest of $38,089. After paying issuance costs of $102,780, the net proceeds were $20,525,589. The net proceeds from the issuance of the general obligation bonds were used to current refund the term bonds redeemed on January 1, 2002.

As a result of the current refunding, the County reduced its total debt service requirements by $714,372, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $708,166.

Legal Debt Margin - County indebtedness pertaining to general obligation bonds may not exceed six percent of the value of the County's taxable property ascertained by the last assessment. However, with voter approval, the County may become indebted for an amount not to exceed 15 percent of such taxable property. At June 30, 2002, the County's net general obligation debt was $57,596,083, (0.25% of taxable property), while the 6 percent limit was $1,374,788,069 and the 15 percent limit was $3,436,970,172.

Lease Revenue Bonds

On June 1, 2001, Maricopa County Public Finance Corporation issued $124,855,000 of Lease Revenue Bonds to pay for the acquisition, construction, and equipment for the Public Service Building, Forensic Science Center, Superior Court Customer Service Center, parking garages, and related projects. Under the terms of the bond indentures, the Corporation received the proceeds to construct and purchase these assets and the County will make lease payments to extinguish the debt. Lease payments will equal the aggregate amount of principal and interest due at that date. Upon the final lease payment, the title to the assets will transfer to the County. The County's obligation to make lease payments will be subject to and dependent upon annual appropriations being made by the County.

The following Lease Revenue Bonds were outstanding at June 30, 2002:

DESCRIPTION	AMOUNT OF ISSUE	INTEREST RATES	MATURITY DATES	OUTSTANDING AT JUNE 30, 2002
2001 Lease Revenue Bonds	$ 124,855,000	3.45 – 5.50%	7-1-02/15	$ 124,855,000
	$ 124,855,000			$ 124,855,000

Annual debt service requirements to maturity for lease revenue bonds are as follows:

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	LEASE REVENUE BONDS					
YEAR ENDED JUNE 30	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2003	$ 12,796,244	$ 5,021,803	$ 17,818,047	$ 2,513,756	$ 986,507	$ 3,500,263
2004	13,527,577	4,427,689	17,955,266	2,657,423	869,796	3,527,219
2005	4,830,979	3,976,498	8,807,477	949,021	781,162	1,730,183
2006	5,069,185	3,738,459	8,807,644	995,815	734,401	1,730,216
2007	5,336,644	3,477,122	8,813,766	1,048,356	683,063	1,731,419
2008 - 12	31,133,906	12,987,605	44,121,511	6,116,094	2,551,346	8,667,440
2013 - 16	31,660,465	3,565,836	35,226,301	6,219,535	700,490	6,920,025
Total	$104,355,000	$ 37,195,012	$ 141,550,012	$20,500,000	$ 7,306,765	$ 27,806,765

The following capital assets are currently associated with the Lease Revenue Bonds:

	GOVERNMENTAL ACTIVITIES
Construction in progress	$ 64,903,229
	$ 64,903,229

Stadium District Revenue Bonds

Stadium District Revenue Bonds are special obligations of the District. The bonds are payable solely from pledged revenues, consisting of car rental surcharges levied and collected by the Stadium District pursuant to A.R.S. §48-4234. Under the statute, the Stadium District may set the surcharge at $2.50 on each lease or rental of a motor vehicle licensed for hire, for less than one year, and designed to carry fewer than 15 passengers, regardless of whether such vehicle is licensed in the State of Arizona. The Stadium District Board of Directors initially levied a surcharge at a rate of $1.50 beginning in January 1992 and increased the surcharge to $2.50, the maximum amount permitted by statute, in January 1993. The bonds do not constitute a debt or a pledge of the faith or credit of Maricopa County, the State of Arizona, or any other political subdivision. The payment of the bonds is enforceable solely out of the pledged revenues and no owner shall have any right to compel any exercise of taxing power of the District, except for surcharges.

The Stadium District had the following revenue bonds outstanding at June 30, 2002:

DESCRIPTION	AMOUNT OF ISSUE	INTEREST RATES	MATURITY DATES	OUTSTANDING AT JUNE 30, 2002
Revenue Refunding Bonds, Series 2002	$ 58,225,000	2.5 — 5.375%	6-1-03/19	$ 58,225,000
	$ 58,225,000			$ 58,225,000

Annual debt service requirements to maturity for Stadium District bonds are as follows:

	GOVERNMENTAL ACTIVITIES	
	Stadium District Revenue Bonds	
Year Ended June 30	Principal	Interest
2003	$ 1,000,000	$ 2,937,094
2004	2,000,000	2,912,094
2005	2,490,000	2,862,094
2006	2,685,000	2,737,594
2007	2,820,000	2,603,344
2008 - 12	16,285,000	10,815,194
2013 - 17	20,920,000	6,185,013
2018 - 19	10,025,000	815,388
Total	$ 58,225,000	$ 31,867,813

Refunded and Refinanced Obligations - On June 5, 2002 the Stadium District issued $58,225,000 (par value) of Revenue Refunding Bonds, Series 2002 dated June 1, 2002, with an average interest rate of 5.23%. The Stadium District revenue bonds were issued at a premium of $3,115,977 and accrued interest of $32,634. The proceeds were used to prepay and redeem the following obligations and fund debt service reserves.

1993 Peoria IGA - Net proceeds of $20,071,107 were used to prepay the 1993 Peoria IGA. Under the terms of an Intergovernmental Agreement (IGA) dated June 1, 1993, among the Stadium District, the City of Peoria (Peoria), and the City of Peoria Municipal Sports Complex Authority (Peoria Authority), the Authority issued revenue bonds to construct the Peoria Sports Complex. The District was obligated to Peoria from car rental surcharge revenues sufficient to pay the debt service on the Authority bonds. The Authority's bonds were issued at taxable rates, with remaining interest ranging from 6.75% to 7.70% and the outstanding principal was $18,375,000. All requirements under the IGA have been met and the liability has been removed from the government-wide financial statements.

1996 Mesa IGA - Net proceeds of $8,522,524 were used to prepay the 1996 Mesa IGA. Under the terms of an IGA, dated April 1, 1996 between the Stadium District and the City of Mesa (Mesa), the Stadium District was obligated to make payments to Mesa based on the Stadium District's net revenue from the car rental surcharge. Mesa in turn used the revenue to pay debt service on bonds issued by the City of Mesa Municipal Development Corporation, the proceeds of which were used to construct the Hohokam Stadium. The City of Mesa Municipal Development Corporation bonds were issued at a variable interest rate and were remarketed on an annual basis. The outstanding principal was $8,350,000. All requirements under the IGA have been met and the liability has been removed from the government-wide financial statements.

Second Subordinate Capital Appreciation Net Revenue Bonds - Net proceeds of $7,838,344 were used to redeem and retire the outstanding principal and compound accreted value of the Stadium District's Second Subordinate Capital Appreciation Net Revenue Bonds, dated March 10, 1997. The interest rate on the bonds ranged from 6.26% to 8.77%. The bonds were called upon delivery of the 2002 Bonds, and the liability has been removed from the government-wide financial statements.

Senior Bonds - Net proceeds of $20,958,595 were used to advance refund $10,265,000 of outstanding Revenue Bonds Series 1993A Bonds (issued 1993) with interest rates of 5.1% - 5.5%, to advance refund $1,375,000 of outstanding Revenue Bonds Series 1993B (issued 1993) with interest rates of 4.7% - 4.75%, and to advance refund $8,565,000 of outstanding Revenue Bonds, Series 1996 Bonds (issued 1996) with interest rates of 5.0% - 5.75%. Net proceeds of $20,958,595 (after payment of underwriting fees, insurance, and other issuance costs) plus an additional $750,000 of Stadium District monies were used to purchase U.S. Government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds until the refunded bonds are called (repaid by the trustee) on July 1, 2003 for the Series 1993A, July 1, 2002, and July 1, 2003 for the Series 1993B and July 1, 2006 for the Series 1996. As a result, the total $20,205,000 refunded Series 1993A, Series 1993B and Series 1996 bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statements. Advance refunding the bonds was undertaken to reduce the Stadium District's total debt service payments by $92,509 and provided an economic gain (difference between the present values of the debt service payments on the old and new debt) of $66,672.

Special Assessment Debt With Governmental Commitment

Special Assessments Bonds are payable from assessments collected from property owners benefited by the respective improvements. The proceeds were used to finance construction in these districts. While there is no legal obligation for the County to further secure the special assessment bonds of the districts below, the County has made a moral commitment to take steps necessary to prevent default.

Special Assessment Bonds currently outstanding for governmental activities are as follows:

DESCRIPTION	AMOUNT OF ISSUE	INTEREST RATES	MATURITY DATES	OUTSTANDING AT JUNE 30, 2002
Fairview Lane	$ 59,379	9.000%	1-1-03/06	$ 7,532
Grand View Manor	274,888	9.000%	1-1-03/05	40,513
East Fairview Lane	60,657	9.000%	1-1-03/07	19,016
Queen Creek Water	301,960	4.875%	7-1-02/17	113,801
White Fence Farms	185,810	9.000%	1-1-03/07	49,722
104th Place/University	83,236	9.000%	1-1-03/07	26,572
Central Avenue	301,905	9.000%	1-1-03/09	137,360
Billings Street	14,004	9.000%	1-1-03/08	3,791
Marquerite Drive	60,670	9.000%	7-1-02/11	60,670
	$ 1,342,509			$ 458,977

Annual debt service requirements to maturity for special assessment debt with governmental commitment are as follows:

	GOVERNMENTAL ACTIVITIES	
	Special Assessment	
Year Ended June 30	Principal	Interest
2003	$ 64,608	$ 37,873
2004	41,983	31,103
2005	68,891	27,588
2006	77,568	21,652
2007	66,483	15,080
2008 - 12	101,029	26,289
2013 - 17	32,013	5,462
2018	6,402	156
Total	$ 458,977	$ 165,203

Notes to the Financial Statements (Continued)

Housing Department Bonds

Housing Department Bonds, payable from Federal government subsidies, are due annually in varying principal and interest amounts.

DESCRIPTION	AMOUNT OF ISSUE	INTEREST RATE	MATURITY DATES	OUTSTANDING AT JUNE 30, 2002
AZ 9-6	$ 369,787	3.875%	11-1-02/05	$ 64,925

Annual debt service requirements to maturity for housing department bonds are as follows:

	GOVERNMENTAL ACTIVITIES	
	Housing Department Bonds	
Year Ended June 30	Principal	Interest
2003	$ 14,114	$ 2,242
2004	16,937	1,641
2005	16,937	985
2006	16,937	328
Total	$ 64,925	$ 5,196

Housing Department Loans

Housing Department loans payable at June 30, 2002, consisted of the outstanding notes below. The Department sold notes to the Federal Financing Bank. These notes will be repaid through Federal government subsidies.

DESCRIPTION	AMOUNT OF NOTE	INTEREST RATE	MATURITY DATES	OUTSTANDING AT JUNE 30, 2002
AZ 9-9	$ 3,112,494	6.60%	11-1-02/12	$ 1,754,922
	$ 3,112,494			$ 1,754,922

Annual debt service requirements to maturity for housing department loans are as follows:

	GOVERNMENTAL ACTIVITIES	
	Housing Department Loans	
YEAR ENDED JUNE 30	PRINCIPAL	INTEREST
2003	$ 113,612	$ 115,825
2004	121,110	106,326
2005	128,829	100,608
2006	137,606	91,831
2007	146,688	82,749
2008 - 12	891,882	255,300
2013	215,195	14,242
TOTAL	$ 1,754,922	$ 766,881

Notes to the Financial Statements (Continued)

Certificates of Participation

Certificates of Participation represent proportionate interests in semiannual lease payments. The County's obligation to make lease payments are subject to annual appropriations being made by the County for that purpose.

On November 1, 2000, Maricopa County Public Finance Corporation issued $6,975,000 of Certificates of Participation to pay for the acquisition of and improvements to the Desert Vista Hospital and medical office facilities.

On February 1, 2000, Maricopa County Public Finance Corporation issued $5,300,000 of Certificates of Participation to pay for the cost of construction for the Avondale Family Health Center.

On August 1, 1996, Maricopa County Public Finance Corporation issued $2,500,000 of Certificates of Participation to pay for the cost of a building for the Maricopa County Regional School District 509.

On August 1, 1994, Maricopa County Public Finance Corporation issued $30,000,000 of Certificates of Participation to assist in the acquisition of the County's Southeast Juvenile Court and Detention Center and its adult detention facility known as the Estrella Jail Complex.

On August 1, 1993, Maricopa County issued $3,850,000 of Certificates of Participation to assist in the acquisition, construction and equipping of the County's West Mesa Justice Court and Northwest Regional Probation Center facilities. Additionally, the proceeds were used for an advance refunding of the Certificates of Participation Series 1989 and to prepay land purchase agreements the County had previously executed with the State of Arizona.

The following Certificates of Participation were outstanding at June 30, 2002:

DESCRIPTION	AMOUNT OF ISSUE	INTEREST RATES	MATURITY DATES	OUTSTANDING AT JUNE 30, 2002
2000 Certificates of Participation	$ 6,975,000	4.60 - 5.50%	7-1-02/15	$ 6,540,000
2000 Certificates of Participation	5,300,000	5.70 - 6.00%	7-1-02/10	5,006,000
1996 Certificates of Participation	2,500,000	5.90 - 6.25%	6-1-03/11	1,726,834
1994 Certificates of Participation	30,000,000	6.00%	5-25-03/04	7,510,000
1993 Certificates of Participation	3,850,000	5.00 - 5.25%	6-01-03/08	790,000
	$ 48,625,000			$ 21,572,834

Annual debt service requirements to maturity for certificates of participation are as follows:

YEAR ENDED JUNE 30	GOVERNMENTAL ACTIVITIES PRINCIPAL	GOVERNMENTAL ACTIVITIES INTEREST	BUSINESS-TYPE ACTIVITIES PRINCIPAL	BUSINESS-TYPE ACTIVITIES INTEREST
2003	$ 3,996,231	$ 584,496	$ 828,151	$ 635,039
2004	4,135,878	346,381	872,375	591,879
2005	226,117	100,004	878,534	545,988
2006	239,743	86,952	927,942	499,172
2007	254,056	73,025	975,350	449,266
2008 - 12	952,290	144,378	4,911,167	1,391,543
2013 - 16			2,375,000	330,010
TOTAL	$ 9,804,315	$ 1,335,236	$ 11,768,519	$ 4,442,897

The following capital assets are currently associated with the Certificates of Participation:

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
Land	$	$ 1,084,430
Juvenile Court	30,000,000	
Justice Court/Probation Center Buildings	2,765,570	
Avondale Family Health Center		5,300,000
Desert Vista Buildings		6,975,000
Pappas School Building	2,500,000	
	$ 35,265,570	$ 13,359,430

Capital Leases

The County has entered into various lease-purchase agreements, which are noncancellable, for the acquisitions of the following equipment:

	GOVERNMENTAL ACTIVITIES
Building Improvements	$ 5,810,820
Computer Systems and Equipment	6,274,300
Library Bookmobile	207,720
Medical Equipment	362,273
Printing Equipment	125,290
Radio System	9,458,005
Sheriff's Helicopters	2,040,000
Telephone Systems	294,092
Total Capital Assets	24,572,500
Accumulated Depreciation	(8,297,410)
Net Value of Leased Capital Assets	$ 16,275,090

These lease-purchase agreements require the County to pay all maintenance costs. At the time of the final principal and interest payments, title to the leased equipment transfers to the County. These leases are contingent on budgetary appropriations each fiscal year. The assets are capitalized at total principal cost.

The following schedule details debt service requirements to maturity for the County's capital leases payable at June 30, 2002.

YEAR ENDED JUNE 30	GOVERNMENTAL ACTIVITIES
2003	$ 5,418,806
2004	4,958,982
2005	4,449,210
2006	2,536,192
2007	993,578
2008 - 12	3,951,792
Total minimum lease payments	22,308,560
Amount representing interest	(2,866,184)
Present value of net minimum lease payments	$ 19,442,376

Installment Purchase Contracts Payable

The County has entered into installment purchase contracts payable for the acquisition of medical equipment used in the Medical Center Fund (Business-Type Activities), at a total purchase price of $3,278,464.

	BUSINESS-TYPE ACTIVITIES
Medical Equipment	$ 3,278,464
Total Capital Assets	3,278,464
Accumulated Depreciation	(744,349)
Net Value of Installment Purchase Capital Assets	$ 2,534,115

The following schedule details debt service requirements to maturity for the County's installment purchase contracts payable at June 30, 2002.

YEAR ENDED JUNE 30	BUSINESS-TYPE ACTIVITIES
2003	$ 555,306
2004	555,306
2005	555,306
2006	555,306
2007 - 2008	750,770
Total minimum payments	2,971,994
Amount representing interest	(364,179)
Present value of net minimum payments	$ 2,607,815

Funding Source for Governmental Activities Liabilities

Governmental Funds Liabilities	Funding Source
General obligation bonds	General Obligation Fund
Lease revenue bonds	Lease Revenue Fund
Stadium District revenue bonds	Stadium District Fund (Nonmajor Debt Service Fund)
Stadium District contractual obligations	Bank One Ballpark Operations Fund (Nonmajor Special Revenue Fund)
Special assessment debt with governmental commitment	Special Assessment Fund (Nonmajor Special Revenue Fund)
Housing department bonds	Housing Department Fund (Nonmajor Special Revenue Fund)
Housing department loans	Housing Department Fund (Nonmajor Special Revenue Fund)
Certificates of participation payable	General Fund
Capital leases	General Fund (97%), Nonmajor Special Revenue Funds (2%), Internal Service Funds (1%)
Claims and judgements payable	General Fund
Reported and incurred but not reported claims	Risk Management Fund and Employee Benefits Fund (Internal Service Funds)

Conduit Debt Obligations

Maricopa County issues revenue bonds on behalf of private sector entities to provide financial assistance for projects deemed to be of public interest. Neither the principal, accrued interest or premium, if any, shall ever constitute an indebtedness of the County or State of Arizona or any political subdivision, nor shall it be a liability or a charge against the general credit or taxing powers. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2002, there were three revenue bond issues outstanding, with an aggregate principal amount payable of $124,235,000.

Arbitrage Compliance

The County is in compliance with all Federal arbitrage regulations for tax-exempt debt securities. As of June 30, 2002, the County had no arbitrage liability.

NOTE 13 – MUNICIPAL LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and Federal laws and regulations require Maricopa County to place a final cover on the eight County landfills (this includes three transfer stations) when they stop accepting waste and to perform specific maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will not be paid until near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs in each operating period even though actual payouts will not occur until the landfill is closed. These costs will be paid from the Solid Waste (Enterprise) Fund.

	CAVE CREEK	QUEEN CREEK	HASSAYAMPA PHASE 1	NEW RIVER	GILA	TRANSFER STATIONS	TOTAL
CLOSURE COSTS							
Total closure and post-closure costs	$ 3,087,701	$ 5,596,470	$ 1,429,434	$ 1,131,300	$ 777,323	$ 504,050	$ 12,526,278
Approximate total capacity (cubic yards)	5,320,000	3,500,000	2,683,200	530,936	258,720		12,292,856
WASTE FLOW (Cubic Yards)							
Prior to fiscal year 2001-02	5,320,000	3,346,000	2,683,200	530,936	258,720		12,138,856
Fiscal year 2001-02	0	67,874	0	0	0		67,874
Total waste received	5,320,000	3,413,874	2,683,200	530,936	258,720		12,206,730
Capacity used	100.00%	97.54%	100.00%	100.00%	100.00%		99.30%
ACCRUAL OF COSTS							
Prior to fiscal year 2001-02	$ 3,087,701	$ 5,596,470	$ 1,429,434	$ 1,131,300	$ 777,323	$ 504,050	$ 12,526,278
Fiscal year 2001-02	0	0	0	0	0	0	0
Total costs accrued at June 30, 2002	$ 3,087,701	$ 5,596,470	$ 1,429,434	$ 1,131,300	$ 777,323	$ 504,050	$ 12,526,278
REMAINING CAPACITY AND COSTS							
Remaining life in years	0	1	0	0	0	0	1
Remaining capacity (cubic yards)	0	86,126	0	0	0	0	86,126
Remaining costs to accrue	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

Accrued liabilities of $12,526,278 have been reduced by $4,409,138 for actual closure and postclosure care costs incurred. The accrued liability balance at June 30, 2002, for the Solid Waste Business-Type Activity includes $8,117,140 for the remaining costs.

At June 30, 2002, all closure and postclosure liabilities have been accrued. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2002. The actual cost to close the sites may differ from the estimates due to changes in technology, inflation or changes in regulations. The estimated costs to be incurred in future fiscal years are as follows:

YEAR ENDED	BUSINESS-TYPE ACTIVITIES CLOSURE	POSTCLOSURE	TOTAL
2003	$ 3,535,938	$ 119,996	$ 3,655,934
2004		169,175	169,175
2005		169,175	169,175
2006		169,175	169,175
2007		169,175	169,175
2008 - 12		845,875	845,875
2013 - 17		845,875	845,875
2018 - 22		845,875	845,875
2023 - 27		845,875	845,875
2028 - 32		351,827	351,827
2033		49,179	49,179
Total	$ 3,535,938	$ 4,581,202	$ 8,117,140

Effective September 1, 1997, State and Federal laws and regulations require that the County demonstrate financial assurance to ensure that the funds necessary to meet the costs of closure, postclosure care and corrective action will be available when needed. The County is in compliance with these requirements.

NOTE 14 – OPERATING LEASES

Operating Leases – The County's operating leases are for office equipment, land and buildings. Rental expenses under the terms of these operating leases for governmental activities and business-type activities were $15,990,245 and $1,612,462, respectively, for the year ended June 30, 2002. These operating leases have remaining lease terms from one to nine years. Also, they provide renewal options and are contingent on budgetary appropriations each fiscal year. The future minimum rental payments required under these operating leases as of June 30, 2002, are as follows:

YEAR ENDED JUNE 30	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
2003	$ 10,476,338	$ 510,230
2004	8,590,764	
2005	6,074,129	
2006	4,036,472	
2007	3,397,788	
2008 - 11	4,082,647	
Total minimum payments required	$ 36,658,138	$ 510,230

NOTE 15 – RISK MANAGEMENT

Self Insurance

The Risk Management Fund (internal service fund) accounts for the financing of the insured risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The County carries commercial insurance for general and automobile liability in excess of $2,000,000 per occurrence and medical malpractice liability in excess of $2,000,000 per occurrence. Settled claims have not exceeded this commercial coverage since the inception of these insurance policies. Payment of workers' compensation benefits is self-funded up to $1,000,000 per occurrence.

Notes to the Financial Statements (Continued)

Liabilities for unpaid claims are estimates determined by an independent actuary using the following actuarial methods: incurred loss development, paid loss development, frequency/severity, incremental paid loss and the paid ALAE/paid loss development. Accrued actuarial liabilities are based on a discounted 55 percent confidence level assuming a 4.69 percent annual rate of return on future investment income. Accrued actuarial liabilities at June 30, 2002, for each insurable area follows.

General liability	$ 18,614,264
Automobile liability	418,926
Malpractice	11,668,861
Workers' compensation	10,580,506
Property reserve	327,036
Auto physical damage reserve	67,786
Total	$ 41,677,379

Changes in the unpaid claims liability reported in the Risk Management Fund follows.

YEAR	BALANCE JULY 1	CURRENT-YEAR CLAIMS AND CHANGES IN ESTIMATE	CLAIM PAYMENTS	BALANCE JUNE 30
1999-00	$ 40,772,018	$ 10,779,261	$ (8,520,655)	$ 43,030,624
2000-01	43,030,624	6,181,957	(8,643,537)	40,569,044
2001-02	40,569,044	8,410,852	(7,302,517)	41,677,379

The Employee Benefits Trust Fund (internal service fund) accounts for the financing of the insured risk of loss for certain health benefits (dental and short-term disability) to eligible employees and their dependents.

The liability for dental and short-term disability claims is based on fiscal year 2002 actuarial reports and claims paid in fiscal years 1999 through 2002. Effective January 1, 1998, all employee medical benefits are provided through commercial insurance. The County is still liable for claims filed under the previous medical coverage. The liability for medical is based on the 1997 actuarial report minus the paid claims for medical. Accrued actuarial liabilities at June 30, 2002, for each insurable area follow:

Employee medical	$ 52,859
Employee dental	487,764
Short-term disability	253,461
Total	$ 794,084

Changes in the unpaid claims liabilities reported in the Employee Benefit Fund follows:

YEAR	BALANCE JULY 1	CURRENT-YEAR CLAIMS AND CHANGES IN ESTIMATE	CLAIM PAYMENTS	BALANCE JUNE 30
1999-00	$ 176,119	$ 696,724	$ (703,676)	$ 169,167
2000-01	169,167	924,104	(953,384)	139,887
2001-02	139,887	5,842,675	(5,188,478)	794,084

Other Claims

The County has exposure to the following claims areas carrying no commercial insurance:

Indigent Health Care Litigation - At June 30, 2002, there were lawsuits and claims pending against the County in the amount of $172,501,621 for Indigent Health Care. The County has accrued a liability of $51,750,486 in the government-wide financial statements for governmental activities (in Claims and Judgements Payable) in accordance with GASB Statement No. 10 - Accounting and Financial Reporting for Risk Financing and Related Insurance Issues. Claims are paid from the County General Fund. The County believes that the amounts accrued are reasonable based on previous claims history.

Environmental Claims - The County has estimated and recorded a probable liability of $81,603,000 in the government-wide financial statements for governmental activities (in Claims and Judgements Payable) for claims resulting from environmental hazards such as illegal dumping by previous landowners and tenants. There is a potential incremental liability of $98,497,000, which is contingent upon the extent to which additional environmental contamination is found. The County is researching historical records and performing investigations to identify the previous landowners and parties who are responsible for the environmental hazards.

The County also has outstanding claims pertaining to eminent domain cases and disputes regarding property taxes levied. At June 30, 2002, there was a possible liability of $16.3 million for these cases. As these are considered possible losses only, no accrual is reported in the government-wide financial statements.

Health Plans

The County operates four health plans that are accounted for in the Maricopa Health Plan, ALTCS and NON-AHCCCS Health Plans Funds to provide health care services to the plans' enrollees. The liability for reported and incurred but not reported claims of $50,226,013 presented in the Statement of Net Assets for the Proprietary Funds represents the outstanding medical claims for health care services received by the plans' enrollees. The incurred but not reported portion of this liability was actuarially calculated.

NOTE 16 – EMPLOYEE RETIREMENT PLANS

Plan Descriptions

The County contributes to the four retirement plans described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The Arizona State Retirement System (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the County. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of Arizona Revised Statutes Title 38, Chapter 5, Article 2.

The Public Safety Personnel Retirement System (PSPRS) (Sheriff, Investigators and Park Rangers) is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five member board, known as The Fund Manager, and 181 local boards according to the provisions of Arizona Revised Statutes Title 38, Chapter 5, Article 4.

Notes to the Financial Statements (Continued)

The Corrections Officer Retirement Plan (CORP) is an agent multiple-employer defined benefit pension plan that covers certain employees of the State of Arizona, Departments of Corrections and Juvenile Corrections, and County employees whose primary duties require direct inmate contact. The CORP is governed by The Fund Manager of PSPRS and 23 local boards according to the provisions of Arizona Revised Statutes Title 38, Chapter 5, Article 6.

The Elected Officials Retirement Plan (EORP) is a cost-sharing multiple-employer defined benefit pension plan that covers elected officials and judges of certain state and local governments. The EORP is governed by The Fund Manager of PSPRS according to the provisions of Arizona Revised Statutes Title 38, Chapter 5, Article 3.

Financial Reports

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan.

ASRS

3300 N. Central Ave.
P.O. Box 33910
Phoenix, AZ 85067-3910
(602) 240-2000 or (800) 621-3778
www.asrs.state.az.us

PSPRS, CORP, EORP

1020 E. Missouri Ave.
Phoenix, AZ 85014

(602) 255-5575
www.psprs.com

Funding Policy

The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates.

Cost-Sharing Plans - For the year ended June 30, 2002, active ASRS members and the County were each required by statute to contribute at the actuarially determined rate of 2.49 percent (2.00 percent retirement and 0.49 percent long-term disability) of the members' annual covered payroll. The County's contributions to ASRS for the years ended June 30, 2002, 2001, and 2000 were $11,046,104, $10,836,327, and $9,916,689, respectively, which were equal to the required contributions for the year.

In addition, active EORP members were required by statute to contribute 7.00 percent of the members' annual covered payroll. The County was required to remit a designated portion of court docket fees plus additional contributions of -0- percent of the member's annual covered payroll, as determined by actuarial valuation. The County's contributions to EORP for the years ended June 30, 2002, 2001, and 2000 were $2,350,549, $2,451,845, and $2,488,516, respectively, which were equal to the required contributions for the year.

Agent Plans - For the year ended June 30, 2002, active PSPRS (Maricopa County Sheriff) members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 3.51 percent. Active PSPRS (Maricopa County Attorney Investigators) members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 5.05 percent. Active PSPRS (Maricopa County Park Rangers) members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 13.94 percent. Active CORP members were required by statute to contribute 8.50 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 2.00 percent.

Annual Pension Cost - The County's pension cost for the two agent plans for the year ended June 30, 2002, and related information follow.

Notes to the Financial Statements (Continued)

	PSPRS (Sheriff)	PSPRS (Investigators)	PSPRS (Park Rangers)	CORP
Contribution rates:				
County	3.51%	5.05%	13.94%	2.00%
Plan members	7.65%	7.65%	7.65%	8.50%
Annual pension cost	$1,028,902	$28,371	$64,913	$704,556
Contributions made	$1,028,902	$28,371	$64,913	$704,556

The current-year annual required contributions for both the PSPRS (Sheriff and Investigators) and CORP were determined as part of their June 30, 2000, actuarial valuations using the entry-age actuarial cost method. PSPRS (Park Rangers) annual required contributions were determined as part of their June 30, 2001, actuarial valuation. The actuarial assumptions included (a) 9 percent investment rate of return and (b) projected salary increases ranging from 6.5 percent to 9.5 percent per year. Both (a) and (b) included an inflation component of 5.5 percent. The assumptions did not include cost-of-living adjustments. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 4-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2000, was 20 years.

Trend Information – Annual pension cost information for the current and two proceeding years for each of the agent plans follows.

Plan	Contributions Required and Contributions Made: Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Year Ended June 30, 2002			
PSPRS (Sheriff)	$ 1,028,902	100.0%	$ 0
PSPRS (Investigators)	$ 28,371	100.0%	$ 0
PSPRS (Park Rangers)	$ 64,913	100.0%	$ 0
CORP	$ 704,556	100.0%	$ 0

Plan	Contributions Required and Contributions Made: Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Year Ended June 30, 2001			
PSPRS (Sheriff)	$ 1,285,680	100.0%	$ 0
PSPRS (Investigators)	$ 57,762	100.0%	$ 0
PSPRS (Park Rangers)	N/A	N/A	N/A
CORP	$ 259,874	100.0%	$ 0

Plan	Contributions Required and Contributions Made: Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Year Ended June 30, 2000			
PSPRS (Sheriff)	$ 1,223,311	100.0%	$ 0
PSPRS (Investigators)	$ 54,870	100.0%	$ 0
PSPRS (Park Rangers)	N/A	N/A	N/A
CORP	$ 1,722,719	100.0%	$ 0

NOTE 17 – INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables – interfund balances at June 30, 2002, were as follows:

Due To	Due From: General Fund	Due From: Transportation	Due From: Medical Center	Due From: Nonmajor Governmental Funds	Total Due To
General Fund	$	$	$ 1,858,623	$	$ 1,858,623
Flood Control		110			110
Jail Operations			250,000		250,000
Medical Center	56,905,273				56,905,273
Nonmajor Governmental Funds	3,616,820			2,765	3,619,585
Internal Service Funds	1,556,050				1,556,050
Total Due From	$ 62,078,143	$ 110	$ 2,108,623	$ 2,765	$ 64,189,641

The balance due to the General Fund of $56,905,273 from the Medical Center resulted from a cash deficit that is not expected to be collected in the subsequent year. All remaining balances resulted from cash deficits in individual funds or cash transfers that had not occurred at June 30, 2002.

Interfund transfers – interfund transfers for the year ended June 30, 2002, were as follows:

Transfers Out	Transfers In: General Fund	Jail Operations	General Obligation	Jail Construction	Medical Center	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total Transfers Out
General Fund	$	$ 101,186,962	$	$	$ 66,217,416	$ 180,053	$ 686,463	$ 168,270,894
Transportation			344,392					344,392
Jail Operations				84,726,011				84,726,011
Medical Center			941,914					941,914
Maricopa Health Plan	17,293,718							17,293,718
ALTCS	22,668,340						4,051,036	26,719,376
Nonmajor Governmental Funds	644,128		172,475			15,244,820		16,061,423
Nonmajor Enterprise Funds			247,862					247,862
Total Transfers In	$ 40,606,186	$ 101,186,962	$ 1,706,643	$ 84,726,011	$ 66,217,416	$ 15,424,873	$ 4,737,499	$ 314,605,590

Transfers out of general capital assets:

Internal Service Funds	2,666,002
Total Transfers Out	$ 317,271,592

In the fund financial statements, total transfers-in of $314,605,590 are less than total transfers-out of $317,271,592 because of the treatment of transfers of capital assets from the internal service funds. During the year existing capital assets with a book value of $2,666,002, were transferred from the internal service funds to County-wide capital assets. The internal service funds reported a transfer-out for the net carrying value of the assets, however; there was no offsetting transfers-in reported as internal service funds capital assets are combined with County-wide capital assets on the government-wide financial statements.

All interfund transfers are budgeted and are used to move revenues from the fund that collects them to the fund that expends them.

In addition, in fiscal year 2002, the ALTCS Fund and Maricopa Health Plan Fund (enterprise funds) transferred fund balance in excess of reserve requirements to the General Fund for a total amount of $39,962,058. The General Fund transferred the amount to the Medical Center (enterprise fund).

Notes to the Financial Statements (Continued)

The interfund receivables, payables, and transfers by fund are as follows:

FUNDS	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS	TRANSFERS IN	TRANSFERS OUT
MAJOR FUNDS				
General Fund	$ 62,078,143	$ 1,858,623	$ 40,606,186	$ 168,270,894
Special Revenue				
Transportation	110			344,392
Flood Control		110		
Jail Operations		250,000	101,186,962	84,726,011
Debt Service				
General Obligation			1,706,643	
Capital Projects				
Jail Construction Fund			84,726,011	
Enterprise Funds				
Maricopa Health Plan				17,293,718
Medical Center	2,108,623	56,905,273	66,217,416	941,914
ALTCS				26,719,376
NONMAJOR FUNDS				
Special Revenue				
Accommodation Schools		265,943		
Adult Probation Grants				19,049
Animal Control		288,001		5,813
Bank One Ballpark Operations	2,409		6,000,000	647,239
CDBG Housing Trust		65,371		
Correctional Health Grants		13,022		
County Attorney Grants		707,039		
Human Services Grants		2,134,476		
Juvenile Court Grants			1,863	
Library				2,661
Parks and Recreation Grants			150,000	
Parks Donations			469,755	
Parks Enhancement			13,769	335,177
Parks Lake Pleasant				256,108
Parks Souvenir				13,769
Planning and Development				41,421
Public Defender Grants		85,261		
Public Defender Training		57,707		
Public Health				592,575
Public Health Pharmacy			28,303	32,617
Research and Reporting				1,050
Sheriff Grants				2,100,000
Stadium District	356	31		6,013,944
Debt Service				
Stadium District		356	6,013,944	
Capital Projects				
Bank One Ballpark Project Reserve			647,239	6,000,000
Intergovernmental Capital Projects			2,100,000	
Major League Stadium		2,378		
Enterprise Funds				
Non-AHCCCS Health Plans			4,737,499	
Solid Waste				247,862
Internal Service Funds				
Employee Benefits Trust				245,425
Equipment Services		605,818		
Sheriff Warehouse		950,232		
Telecommunications				2,420,577
Total	$ 64,189,641	$ 64,189,641	$ 314,605,590	$ 317,271,592
Transfer to general capital assets			2,666,002	
Total	$ 64,189,614	$ 64,189,641	$ 317,271,592	$ 317,271,592

NOTE 18 – DISPROPORTIONATE SHARE SETTLEMENT

Section 1923 of the Social Security Act establishes federal requirements designed to aid entities that provide medical services to a disproportionate share of medically indigent patients. These requirements were met for the year ended June 30, 2002, through disproportionate share settlements established by Laws 2001, Second Special Session, Chapter 5. AHCCCS was directed to distribute such settlements based on various qualifying criteria and allocation processes. Laws 2001 appropriated disproportionate share settlement amounts to be distributed to the hospitals for the year ended June 30, 2002. The Medical Center's share of the settlement for the year ended June 30, 2002, totaled $45,895,500. However, Laws 2001, Second Special Session, Chapter 7, also mandated the reimbursement of the total settlement through the State Treasurer to the State General Fund.

NOTE 19 – MEDICAL CENTER OPERATING REVENUE

Operating revenues:		
Gross patient service revenue	$	487,699,115
Deductions from patient service revenues:		
Contractual and administrative adjustments		(93,689,038)
Cost containment system contractual adjustments		(119,196,066)
Net patient service revenues		274,814,011
Other operating revenues:		
Disproportionate share settlement		45,895,500
Charges for services		17,132,382
Other		1,887,175
Total other operating revenues		64,915,057
Deductions from other operating revenues:		
Disproportionate share reimbursements		(45,895,500)
Net other operating revenues		19,019,557
Total operating revenues	$	293,833,568

APPENDIX D

SUMMARY OF LEGAL DOCUMENTS

The information set forth below summarizes or paraphrases certain provisions of the Lease and the Indenture, as well as certain defined terms used therein. The information set forth below does not purport to be complete, and reference is made to the full text of the Lease and the Indenture, respectively, for a complete recital of their terms, as well as a complete recital of the defined terms uses herein.

DEFINITIONS

"Additional Bonds" means bonds in addition to the Series 2001 Bonds which may be issued under the Indenture.

"Ambac Assurance" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

"Annual Debt Service Requirement" means for any fiscal year the amount to be paid in such year with respect to the Bonds for payment of principal and interest on the Bonds during such year.

"Additional Rent" means any payments required to be made by the County in addition to the Base Rent.

"Appropriation" or *"Appropriations"* means an inclusion in the County's final approved budget adopted by the governing body of the County of funds needed to pay the Lease Payments under the Lease for the respective Fiscal Year of the County.

"Base Rent" means the Lease Payments, corresponding to principal of and interest on the Bonds.

"Bond Payment Date" means any Principal Payment Date or Interest Payment Date.

"Bond Resolution" means (a) when used with reference to the Series 2001 Bonds, the resolution providing for their issuance and the approving of the Lease, the Indenture and related matters; (b) when used with reference to an issue of Additional Bonds, the resolution providing for the issuance of the Additional Bonds, to the extent applicable, and the approving of any amendment or supplement to the Lease, any Supplemental Indenture and related matters; and (c) when used with reference to Bonds when Additional Bonds are outstanding, the resolution providing for the issuance of the refunding bonds and the resolution providing for the issuance of the then outstanding and the then to be issued Additional Bonds, in each case as amended or supplemented from time to time.

"Bond Retirement Fund" means the Bond Retirement Fund created pursuant to the Indenture.

"Bonds" means the Series 2001 Bonds, the Series 2003 Bonds and any Additional Bonds.

"Code" means the Internal Revenue Code of 1986, as amended.

"Corporation" means The Maricopa County Public Finance Corporation, an Arizona nonprofit Corporation, or any successor thereto or assignee thereof.

"Default Rate" means a rate of interest which is greater of 10% per annum or the rate of interest paid on the Bonds with respect to the applicable maturity.

"Debt Service Charges" means, for any period or time, the principal of and interest and any premium due on the Bonds for that period or payable at that time, as the case may be.

"Defeasance Obligations" means only cash, direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged.

"Eligible Investments" means, to the extent permitted by law:

1. Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- — Export-Import Bank
- — Farm Credit System Financial Assistance Corporation
- — Rural Economic Community Development Administration (formerly the Farmers Home Administration)
- — General Services Administration
- — U.S. Maritime Administration
- — Small Business Administration
- — Government National Mortgage Association (GNMA)
- — U.S. Department of Housing & Urban Development (PHA's)
- — Federal Housing Administration
- — Federal Financing Bank

2. Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- — Senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
- — Obligations of the Resolution Funding Corporation (REFCORP)
- — Senior debt obligations of the Federal Home Loan Bank System
- — Senior debt obligations of other Government Sponsored Agencies approved by Ambac

3. U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing no more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

4. Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

5. Pre-refunded Municipal Obligations defined as follows: Any obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's and S&P or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions ,as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

6. Municipal Obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P.

7. Investment agreements approved in writing by Ambac Assurance (supported by appropriate opinions of counsel); and

8. Other forms of investments (including repurchase agreements) approved in writing by Ambac Assurance.

"Engineer" means an individual or firm acceptable to the County and the Corporation and qualified to practice the profession of engineering or architecture under the laws of the State and who is not a salaried employee of the County or the Corporation.

"Event of Bankruptcy" means the filing of a petition in bankruptcy by or against the specified Person under the United States Bankruptcy Code.

"Event of Non-Appropriation" means that no Appropriation has been made for the payment of Lease Payments coming due in any Fiscal Year as of the date of final adoption of the County's budget for such Fiscal Year.

"Existing Improvements" means the improvements on the Leased Land described on Exhibit A to the Lease.

"Financial Guaranty Insurance Policy" means, as applicable, the financial guaranty insurance policy issued by Ambac Assurance insuring the payment when due of the principal of and interest on the Series 2001 Bonds or the financial guaranty insurance policy issued by Ambac Assurance insuring the payment when due of the principal of and interest on the Series 2003 Bonds.

"Fitch" means Fitch Ratings or any successor thereto.

"Fiscal Year" means the twelve calendar month period beginning on July 1 and ending on June 30 of the following calendar year or such other Fiscal Year as adopted by the County.

"Improvements" means collectively the Existing Improvements and the New Improvements.

"Interest Fund" means the Interest Fund created pursuant to the Indenture.

"Interest Payment Date" means as to the Series 2001 Bonds and the Series 2003 Bonds, January 1 and July 1 and as to Additional Bonds the dates designated in proceedings relating to the Additional Bonds.

"Lease Payment Date" means, with respect to payments relating to the Series 2001 Bonds and the Series 2003 Bonds, June 26 and December 26 of each year (or following business day if not a business day) during the term of the Lease and with respect to payments relating to the Additional Bonds, such dates set forth in the proceedings authorizing the Additional Bonds.

"Lease Payments" mean the sum of the Base Rent and Additional Rent due at a stated time.

"Lease Year" means the period from the date of execution of the Lease to June 30, 2001, and thereafter a period of 14 consecutive months commencing on the first day of July and ending on the last day of June.

"Leased Land" means the real property described in Exhibit B to the Lease.

"Leased Property" means the Leased Land and the Improvements.

"Maximum Annual Debt Service" means, at the time of computation, the greatest Annual Debt Service Requirement for the then-current or any succeeding fiscal year.

"Moody's" means Moody's Investors Service or any successor thereto.

"Net Proceeds" when used with respect to any insurance proceeds or eminent domain awards, means the gross proceeds thereof less the payment of all expenses, including expert witness fees, attorneys' fees and costs, incurred in connection with the collection of those gross proceeds.

"Net Proceeds Fund" means the fund of that name created pursuant to the Indenture.

"New Improvements" means the improvements or equipment described on Exhibit A to the Lease, as amended from time to time, to be constructed on the Leased Land or otherwise required for use by the County.

"Option Price" means the amount due from the County to exercise its option to prepay the Lease in an amount corresponding to all of the Bonds or such Additional Bonds as may be set forth in the Lease.

"Outstanding Bonds," "Bonds outstanding" or "outstanding" as applied to the Bonds, mean, as of the applicable date, all Bonds which have been authenticated and delivered, or which are being delivered by the Trustee under the Indenture, except:

(a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment or redemption on or prior to that date;

(b) Bonds, or the portion thereof, for the payment, redemption or purchase for cancellation of which sufficient moneys have been deposited and credited with the Trustee or any Paying Agents on or prior to that date for that purpose (whether upon or prior to the maturity or redemption date of those Bonds); provided, that if any of those Bonds are to be redeemed prior to their maturity, notice of that redemption shall have been given or arrangements satisfactory to the Trustee shall have been made for giving notice of that redemption, or waiver by the affected Owners of that notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of this Indenture; and

(d) Bonds in lieu of which others have been authenticated under the Indenture.

"Owner" or *"Bond Owner"* or *"Owner of a Bond,"* or any similar term, when used with respect to a Bond means, as of any particular time, the person in whose name such Bond is then registered.

"Paying Agent" means any bank or trust company designated as a Paying Agent by or in accordance with the Indenture.

"Permitted Encumbrances" mean as of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent; (ii) the Indenture; (iii) the Lease; (iv) utility, access and other easements and rights-of way, mineral rights, restrictions, exceptions and encumbrances that will not (a) materially interfere with or impair the operations being conducted on the Leased Property or (b) materially adversely affect the security granted under the Indenture or easements granted to the Trustee; and (v) such minor defects, irregularities, encumbrances, easements, mechanics liens, rights of-way and clouds on title as, in the opinion of counsel, normally exist with respect to properties similar in character to the Leased Property for the purpose for which it was acquired or is held by the Corporation and do not (a) materially interfere with or impair the operations being conducted on the Leased Property or (b) materially adversely affect the security granted to the Trustee by the Indenture.

"Prepayment" means any payment applied towards the prepayment of the Lease Payments.

"Principal Payment Date" means as to the Series 2001 Bonds and Series 2003 Bonds July 1 or the years shown on the inside cover of this Official Statement and as to Additional Bonds the dates designated in the proceedings relating to the Additional Bonds.

"Rating Agency" means Moody's, if any of the Bonds are then rated by Moody's, S&P, if any of the Bonds are then rated by S&P and Fitch, if any of the Bonds are then rated by Fitch.

"Rating Confirmation" means a written confirmation from each Rating Agency that an action will not result in a reduction or withdrawal of any rating then applicable to the Bonds.

"Registrar" means, as to the Series 2001 Bonds and Series 2003 Bonds, the Trustee, until a successor Registrar shall have become such pursuant to applicable provisions of this Indenture and as to any series of Additional Bonds, the bank, trust company or other Person designated as such by or pursuant to the applicable Bond Resolution or Supplemental Indenture.

"Regular Record Date" means, with respect to any Bond, the fifteenth day of the calendar month next preceding an Interest Payment Date applicable to that Bond.

"Rental Period" means the six-month period commencing on the first day of the month in which a Lease Payment is due and payable.

"Required Property Insurance Coverage" means insurance insuring the Leased Property against loss or damage by fire, lightning, vandalism and malicious mischief and all other perils covered by standard "extended coverage", or "all risks" policies, including amounts as to which the County is a self-insurer where permitted under the Lease.

"Required Public Liability Insurance Coverage" means comprehensive general accident and public liability insurance, including amounts as to which the County is a self-insurer where permitted under the Lease.

"Reserve Fund" means the Reserve Fund created pursuant to the Indenture.

"Reserve Requirement" means the least of (a) an amount equal to ten percent (10%) of the net proceeds of the Outstanding Bonds, (b) the Maximum Annual Debt Service for any fiscal year on the Outstanding Bonds, or (c) one hundred twenty five percent (125%) of the average annual debt service on the Outstanding Bonds. The Reserve Requirement may be satisfied by cash or Eligible Investments described in paragraphs (1), (2) or (3) of the definition thereof. For purposes of calculating the Reserve Requirement, variable rate indebtedness shall be assumed to bear interest at (a) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Code, the most recently published Bond Buyer "Revenue Bond Index" (or comparable index if no longer published) plus 50 basis points, or (b) if interest is not excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus 50 basis points.

"Revenue Fund" means the Revenue Fund created pursuant to the Indenture.

"Revenues" means (a) the Lease Payments (other than Unassigned Corporation's Rights) due under the Lease, as amended from time to time, (b) all other moneys received or to be received by the Corporation or the Trustee in respect of the Lease-Purchase Agreement, including without limitation, moneys and investments in the Series 2001 Acquisition and Construction Fund, Bond Retirement Fund, the Interest Fund and the Reserve Fund (to the extent of the Reserve Requirement), (c) all Net Proceeds received by the Trustee under any liability or casualty insurance policies or upon condemnation and (d) all income and profit from the investment of the foregoing moneys other than that which is required to be rebated to the United States in order to maintain the tax-exempt status of Tax-Exempt Bonds.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies or any successor thereto.

"Series 2001 Acquisition and Construction Fund" means the Series 2001 Acquisition and Construction Fund created pursuant to the Indenture.

"Series 2001 Bond Retirement Account" means the Series 2001 Bond Retirement Account of the Bond Retirement Fund created pursuant to the Indenture.

"Series 2001 Costs of Acquisition and Construction" means all items of expense directly or indirectly relating to the cost of designing, acquiring, constructing and equipping the Improvements, including, but not limited to, the following:

(a) Costs incurred by the County in connection with the designing, acquiring, constructing and equipping of the Leased Land, the Existing Improvements and the New Improvements;

(b) Expenses incurred by the County for labor, services, materials and supplies used or furnished in the designing, acquisition, constructing and equipping of the Leased Land, the Existing Improvements and the New Improvements;

(c) Fees paid by the County for legal, design, architectural, engineering, construction management, consulting and supervisory services with respect to the Leased Land, the Existing Improvements and the New Improvements, including, without limitation, the cost of preparing or obtaining plans and specifications, working drawings, bids, appraisals, approvals, permits and inspections;

(d) Expenses incurred by the County in seeking to enforce any remedy against any contractor, subcontractor, materialman, vendor, supplier or surety in respect of any default under a contract relating to constructing and equipping the Leased Land, the Existing Improvements and the New Improvements; and

(e) Any sums required to reimburse the County for advances made by it for any of the above items, plus an amount not to exceed $25,000,000 for amounts for other governmental projects of the County which need not be part of the Leased Property.

"Series 2001 Interest Account" means the Series 2001 Interest Account of the Interest Fund created pursuant to the Indenture.

"Series 2001 Reserve Account" means the Series 2001 Reserve Account of the Reserve Fund created pursuant to the Indenture.

"Series 2001 Revenue Account" means the Series 2001 Revenue Account of the Revenue Fund created pursuant to the Indenture.

"Series 2003 Bond Retirement Account" means the Series 2003 Bond Retirement Account of the Bond Retirement Fund created pursuant to the Indenture.

"Series 2003 Delivery Costs" means all items of expense directly or indirectly payable by or reimbursable to the Corporation or the County relating to the execution, sale and delivery of the Series 2003 Supplement, the Series 2003 Amendment or the Series 2003 Bonds, including but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, the Registrar, the Paying Agents, financing discounts, legal fees and charges, insurance fees and charges, including insurance fees and charges for bond insurance, and financial and other professional consultant fees, verification agent fees, Depository Trustee fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Series 2003 Bonds and charges and fees in connection with the foregoing.

"Series 2003 Interest Account" means the Series 2003 Interest Account of the Interest Fund created pursuant to the Indenture.

"Series 2003 Reserve Account" means the Series 2003 Reserve Account of the Reserve Fund created pursuant to the Indentures.

"Series 2003 Revenue Account" means the Series 2003 Revenue Account of the Revenue Fund created pursuant to the Indenture.

"State" means the State of Arizona.

"Supplemental Indenture" means any indenture supplemental to the Indenture entered into between the Corporation and the Trustee in accordance with the Indenture.

"Taxable Bonds" means Bonds, the interest on which is includible in gross income of the owners thereof for federal income tax purposes.

"Tax-Exempt Bonds" means Bonds, the interest on which is excludible from gross income of the owners thereof for federal income tax purposes.

"Tax Agreement" means, with respect to the Series 2003 Bonds, the Tax Exemption Certificate and Agreement dated as of December 3, 2003 of the County and the Corporation and acknowledged by the Trustee.

"Unassigned Corporation's Rights" means all of the rights of the Corporation to receive additional payments under certain sections of the Lease, including, but not limited the right to be held harmless and indemnified thereunder, to be reimbursed for attorneys' fees and expenses thereunder, to receive notice thereunder and to give or withhold consent to amendments, changes, modifications and alterations of the Lease and its right to enforce such rights.

THE LEASE

* * *

Section 2. Term and Rental Payments.

(a) *Term; Appropriation.* The Corporation leases to the County and the County leases from the Corporation until June 30, 2004 all of the Corporation's rights in and to the Leased Property, together with all improvements and fixtures thereon; provided that the Term of the Lease shall be deemed extended automatically by the County for up to eleven (11) successive periods of one (1) year commencing each July 1 for which an Appropriation has been or shall be made by the last date the County may adopt a budget for its then current fiscal year's operation. Such Appropriation shall be deemed to include all moneys in the Interest Fund and the Bond Retirement Fund and any amounts in the Reserve Fund to the extent of the Reserve Requirement created by the Indenture not then needed to pay maturing principal or interest on the Bonds. References to the Term of the Lease shall include the initial and any extended terms hereunder.

If, prior to the last date occurring in any year on which the County is required or permitted to adopt its budget for the then current Fiscal Year, the Board of Supervisors of the County fails to make an Appropriation for the Lease Payments for the then current Lease Year, an Event of Non-Appropriation will be deemed to have occurred and the Lease shall terminate as of the immediately preceding June 30th. Upon such termination, the County shall return the Leased Property to the Corporation and shall thereafter incur no further obligation operationally or financially to the Corporation, the Owners of the Bonds or any other party. If an Event of Non-Appropriation occurs, the County is neither required nor expected to continue to pay Lease Payments. Appropriation of funds is a legislative act that is beyond the control of the Corporation or the Trustee.

If an Appropriation is made with respect to any Fiscal Year, the obligation of the County to make the aggregate Lease Payments during each Lease Year of the term of this Lease will accrue and be deemed incurred as of the first day of such Lease Year and the Lease is specifically enforceable by the Corporation and its successors and assigns to the extent of such Appropriation.

(b) *Other Applicable Provisions.* The Lease Payments for the Leased Property for each Rental Period during the term of the Lease shall constitute the total Base Rent for such Rental Period, and shall be paid by the County in such Rental Period for and in consideration of the right to the use and occupancy of the Leased Property and the continued right to use and enjoy the Leased Property during each such period for which such rental is to be paid. The total Lease Payments for the Leased Property represent the fair rental value thereof.

The County shall receive credit against, first, Additional Rent and, second, Base Rent payments for all investment income received from any investments made by the Trustee under the terms of the Indenture except investment income used to pay arbitrage rebates to the United States of America.

All Lease Payments shall be made to the Trustee.

Section 3. *Additional Rent.* The County agrees to pay to the Corporation the following amounts, if and whenever applicable, as Additional Rent:

(a) On the first (1st) day of each month, commencing on the first day of the month following a payment made on the Series 2001 Bonds or the Series 2003 Bonds from the Reserve Fund or a determination of the Trustee that the amount on deposit in the Reserve Fund is less than the Reserve Requirement, an amount equal to one-twelfth (1/12th) of the amount which, when added to the balance in the Reserve Fund, will be equal to the Reserve Requirement.

(b) All taxes, assessments or other governmental charges imposed on the Leased Property or imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Leased Property.

(c) All amounts coming due for indemnification.

(d) All costs incident to the Lease incurred or payable by the Corporation.

(e) All expenses incurred in connection with the enforcement by the Corporation of any rights under the Lease.

(f) All other payments of whatever nature which the County has agreed to pay or assume under the provisions of the Lease, including losses on investments made by the Trustee at the direction of the County.

(g) All of Trustee's fees and expenses incurred in connection with the performance of its duties and with the enforcement of any rights under the Lease.

(h) All rent for any holdover period during which the County stays in possession of the Leased Property after termination of the Lease.

(i) All fees and expenses of any arbitrage consultant and any arbitrage rebate owed to the United States not paid from Lease Payments.

(j) All fees and expenses of the Corporation for the costs of maintaining its corporate existence during the term hereof, including all filing costs and legal expenses.

(k) All expenses relating to compliance with the continuing disclosure undertaking of the County pursuant to SEC Rule 15c2-12.

Section 4. *Utility Charges.* The County shall pay all necessary utility charges.

Section 5. *Use, Licenses, Taxes.* The County shall use the Leased Property solely for lawful activities in which the County may engage. The County shall provide, at its expense, all permits and licenses, if any, necessary for the operation, maintenance and use of the Leased Property by the County.

The County shall be responsible for all governmental charges and taxes, but may contest the validity of any such charges or taxes.

Section 6. *Maintenance.* (a) the County, at its expense and during the term of the Lease, will:

(1) Keep the Leased Property in good order and condition (ordinary wear and tear excepted).

(2) Comply with all insurance policies relating to, and maintain any governmental licenses and permits required for, the use, maintenance, repair and operation of the Leased Property.

(3) Pay all costs, claims, damages, fees and charges arising out of its possession, use, operation or maintenance of the Leased Property.

(4) Promptly comply with all contractual obligations created with respect to the Leased Property.

(5) Not do, or permit to be done, any act or thing which might materially impair the value of the Leased Property.

Neither the Corporation nor the Trustee have any responsibility for maintenance of or repairs to the Leased Property.

Section 7. *Additions, Modifications, Improvements and Substitutions.* The County may make from time to time any additions, modifications or improvements to the Leased Property which the County deems desirable for the purposes of the Leased Property, provided that if such additions, modifications or improvements with respect to the Leased Property shall cost $200,000 or more in a single Lease Year, an Engineer shall render an opinion to the Trustee that (a) no such additions, modifications or improvements shall adversely affect the structural integrity or strength of any improvements constituting a part of the Leased Property or materially interfere with the use and operation of the Leased Property, and (b) the undertaking and completion of such addition, modification and improvement will not cause the value of the Leased Property to be reduced below the value of the Leased Property immediately prior to the undertaking and completion of any such addition, modification and improvement. All such additions, modifications and improvements shall become and be deemed to constitute a part of the Leased Property.

Section 8. *Liens.* Except for Permitted Encumbrances, the County shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, security interest, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, the title thereto, or any interest therein except the respective rights of the Corporation and the County thereunder.

Section 9. *Damage to or Destruction or Condemnation of Leased Property; Prepayment.* (a) The County assumes all risk of loss of or damage to the Leased Property from any cause whatsoever, except loss or damage actually caused by the Corporation. No loss of or damage to, or appropriation by governmental authorities of, or defect in or unfitness or obsolescence of, the Leased Property will relieve the County of the obligation to make Lease Payments.

(b) Any Net Proceeds or condemnation awards in excess of $500,000 are to be deposited to the Net Proceeds Fund under the Indenture. In case of any damage to or destruction of the Leased Property which might exceed $500,000, the County will promptly give or cause to be given written notice thereof to the Corporation generally describing the nature and extent of such damage or destruction. There shall be no abatement or diminution of Lease Payments and the County shall, whether or not the Net Proceeds, if any, received on account of such damage or destruction shall be sufficient for such purpose, promptly commence and complete, or cause to be commenced and completed, the repair or restoration of the Leased Property as nearly as practicable to the value, condition and character thereof existing immediately prior to such damage or destruction, with such changes or alterations, however, as the County may deem necessary for proper operation of the Leased Property. Any expenditures required hereunder in excess of the Net Proceeds shall be subject to Appropriation.

(c) In the event of total destruction or condemnation of the Leased Property, unless the County shall exercise its option to prepay (in which event the Option Price shall be adjusted so as to exclude any prepayment penalty), the County shall apply or cause to be applied amounts in the Net Proceeds Fund in accordance with the Indenture and any other moneys available and appropriated for the purpose, to the acquisition and installation of replacement facilities to constitute the Leased Property.

Should the County determine not to replace the damaged, destroyed or condemned portions of the Leased Property, the County shall, pursuant to the Indenture, direct the Trustee to transfer all amounts in the Net Proceeds Fund, up to, but not exceeding the Option Price, to the Interest Fund and the Bond Retirement Fund.

(d) In the event the amount of Net Proceeds exceeds the amount required to acquire and install replacement facilities constituting Leased Property, the County shall direct the Trustee to transfer such excess to the Interest Fund and the Bond Retirement Fund under the Indenture.

(e) The County has the power and authority to acquire the Leased Property through the exercise of the power of eminent domain. Neither the Corporation nor any person claiming through the Corporation shall be injured or damaged by the County's initiation of an action to acquire the Leased Property through the exercise of the power of eminent domain. The County represents that it has no present intention to exercise the power of eminent domain to acquire the Leased Property. Should the County ever determine to acquire the Leased Property through the exercise of its power of eminent domain is in the County's best interest, that the Corporation's value for all purposes of determining the fair market value of the Leased Property be stipulated to be the Option Price as of the initiation of such action.

Section 10. *Insurance.* During the term of the Lease, the County shall either maintain a program of self-insurance with respect to general accident and public liability or shall purchase and maintain Required Public Liability Insurance Coverage with respect to the Leased Property in an amount customarily maintained by the County, naming the Corporation and/or the Trustee, as appropriate, a named insured or loss payee and insuring against personal injury or property damage to others. In addition, the County shall either maintain self-insurance covering the Leased Property as provided by law or maintain during the term of the Lease, Required Property Insurance Coverage with respect to the Leased Property naming the Corporation and/or the Trustee, as appropriate, a named insured or loss payee and insuring against risks of loss or damage to the Leased Property in an amount at all times at least equal to the par amount of the Outstanding Bonds.

Insurance proceeds from casualty losses in excess of $500,000 are to be deposited to the Net Proceeds Fund under the Indenture and insurance proceeds less than $500,000 shall be paid to the Corporation and disposed of by the Corporation, each as provided in the Lease. The County shall deliver to the Corporation or the Trustee, as applicable, evidence satisfactory to the Corporation of the insurance coverages required herein, by policies with nationally recognized responsible insurance companies or in conjunction with other companies through an insurance trust or other arrangement together with receipts for the initial and any renewal premiums and shall provide by endorsement upon the policy or by an independent instrument furnished to the Corporation that each insurer will give the Corporation written notice of nonpayment of any premium due and forty-five (45) days' notice prior to cancellation or alteration of the policy for any reason.

Annually commencing no later than October 31, 2001 and each year thereafter, the County shall commission, at its own expense, a review (the "Review") of the County's self-insurance program. The Review shall be conducted by an actuary with recognized experience with respect to actuarial reviews of self-insurance programs and shall be completed with a reasonable period thereafter.

It shall be a condition of the County's use or continued use of self-insurance program to provide either Required Property Insurance Coverage or Required Public Liability Coverage, or both, that the County's self-insurance program be funded at the beginning of each fiscal, at a level equal to the cost to purchase insurance plus the cost to pay all losses estimated by the actuary for the following two years. The Trustee may rely on the certificate of the administrator of the self-insurance program or the chairman of the governing board of the self-insurance trust, to the effect that the self-insurance funding has reached the level or levels required by the respective Review net of known claims expected to be paid from the self-insurance program or programs, as applicable, in the County's then current Fiscal Year.

If the County cannot meet or maintain the funding level required in the applicable Review by the next January 1st after the Review's date, then the Leased Property may not be covered by self-insurance for any portion of either the Required Public Liability Coverage or the Required Property Insurance Coverage for which the self-insurance is not in compliance with the respective Review, and in such event the County shall be required to obtain insurance policies covering either Required Property Insurance Coverage or Required Public Liability Insurance Coverage, or both, as the case may be. Failure to provide the required Review, or to maintain the level of funding of the self-insurance program or programs applicable to the Leased Property, in violation of the requirements of the Lease, shall be deemed an Event of Default which can be cured by either the County's presentation of the required Review, or the required certificate of compliance with the respective Review, or both, as the case may be or by presentation to the Trustee of evidence of insurance policies meeting the coverage requirements of the Lease.

Section 11. *Indemnification.* To the extent permitted by law and the Constitution of the State, the County shall indemnify the Corporation and the Trustee for, from and against any and all liability and damages in connection with the Leased Property.

Section 12. *Assignment of Lease; Payment of Trustee's Fees and Expenses.* The Corporation shall assign all its right, title and interest in and to the Lease Payments (other than Unassigned Corporation Rights) and the rights to enforce the Lease, to the Trustee. The County agrees to pay all fees and expenses due Trustee under the Indenture.

Section 13. *Representations, Warranties and Covenants.* (a) The Corporation has made and makes no representation or warranty, express or implied, and assumes no obligation with respect to the title, merchantability, condition, quality or fitness of the leased property for any particular purpose or the conformity of the leased property to any plans, specifications, construction contract, purchase order, model or sample, or as to its design, construction, delivery, installation and operation or its suitability for use by the County.

(b) The County represents that it has power to enter into the Lease, that the Lease is a lawful, valid and binding obligation of the County, enforceable against the County in accordance with its terms (except as to those provisions which would require the expenditure of funds in any fiscal year for which such funds have not been included within the County's' budget).

Section 14. *Option to Purchase; Providing for Payment or Prepayment; Additional Bonds.* (a) Provided the County shall have complied with all of the terms and conditions of the Lease Agreement and subject to clause (c) below, the County shall have the option to purchase not less than all of the Series 2001 Leased Property which is then subject to the Lease "as is" at the dates and for the "Option Price" set determined in accordance with the Lease. Such option shall be exercised by written notice to Trustee not less than forty-five (45) days prior to the date specified in the Lease for the exercise of such option, provided that upon the County's timely payment of the last payment due June 26, 2015 (the *"Series 2001 Last Payment"*) specified in the Lease, the County shall without further action be deemed to have properly exercised its option to purchase the Series 2001 Leased Property for $0.

(b) (1) At such time as full payment of the Option Price or payment of the Series 2001 Last Payment is made or the Lease with respect to the Series 2001 Bonds is deemed fully prepaid and discharged pursuant to clause (d) below, the Corporation shall execute a Special Warranty Deed to the County in the form set forth in the Lease to the Series 2001 Leased Property and the County shall cause the Deed to be recorded. The transfer of any and all of the Corporation's right, title and interest in the Series 2001 Leased Property to the County shall be "as is" and without warranty, express or implied, by the Corporation, except that the Corporation will warrant to the County that the Series 2001 Leased Property is free of all encumbrances other than Permitted Encumbrances. At such time, the Lease shall terminate with respect to the Series 2001 Bonds except as to obligations or liabilities accruing hereunder prior to such termination and the obligation of the County to pay rebate to the Internal Revenue Service, except as to obligations and liabilities that, under the terms of the Lease, survive termination.

(2) At such time as full payment of the last payment due June 26, 2012 with respect to the Series 2003 Bonds (the *"Series 2003 Last Payment"*) is made or the Lease with respect to the Series 2003 Bonds is deemed fully prepaid and discharged pursuant to clause d(2) below, the Corporation shall execute a Special Warranty Deed to the County in the form set forth in the Lease with respect to the Series 2003 Leased Property and the County shall cause the Deed to be recorded. The transfer of any and all of the Corporation's right, title and interest in the Series 2003 Leased Property to the County shall be "as is" and without warranty, express or implied, by the Corporation, except that the Corporation will warrant to the County that the Series 2003 Leased Property is free of all encumbrances other than Permitted Encumbrances. At such time, the Lease with respect to the Series

2003 Bonds shall terminate except as to obligations or liabilities accruing under the Lease prior to such termination and the obligation of the County to pay rebate to the Internal Revenue Service, except as to obligations and liabilities that, under the terms of the Lease, survive termination.

(c) (1) The County may not prepay future lease payments in full or in part prior to June 26, 2011 with respect to the Lease Payments corresponding to debt service on the Series 2001 Bonds (except with respect to prepayments from Net Proceeds from destruction or condemnation of all or any part of the Leased Property or to defease the Series 2001 Bonds prior to maturity). On or after June 26, 2011, the County may fully or partially prepay lease payments with respect to the Series 2001 Bonds at any time. All prepayments must be delivered to the Trustee not less than forty-five (45) days before the date set for prepayment of all or a portion of the Series 2001 Bonds. If a prepayment is made, all accrued but unpaid interest relating to the principal amount being prepaid must also accompany such payment (if not theretofore paid). All partial prepayments of principal will be credited against principal payments coming due in the order of payment directed by the County. Prepayments must be made in any increments of principal, provided that after giving effect to such prepayment, no Series 2001 Bonds in a denomination of less than $5,000 shall be outstanding (plus the prepayment penalty, if any).

When a partial prepayment is made, interest shall cease to accrue from the prepayment date with respect to the principal amount so prepaid.

(2) The County may not prepay future lease payments with respect to the Series 2003 Bonds except with respect to prepayments from Net Proceeds from destruction or condemnation of all or any part of the Leased Property or to payments made to defease the Series 2003 Bonds prior to maturity.

(d) The Lease shall be deemed fully prepaid and discharged with respect to one or more series of Bonds if the County shall present, or cause to be presented, to the Trustee in accordance with the defeasance provisions of the Indenture moneys and Defeasance Obligations, and such other certificates and documents required by the Trust Indenture sufficient to cause all Bonds Outstanding of such series to be deemed to be, "paid and discharged" in the manner provided in the Indenture.

(e) The Indenture provides for the issuance of Additional Bonds on a parity with the Series 2001 Bonds and that the Lease may be amended in connection therewith as provided in the Indenture to provide for, among other things, an adjustment in the Lease Payments with respect to such Additional Bonds and the Leased Property financed thereby.

Section 15. *Default and the Corporation's Remedies.* (a) The following are Events of Default:

(1) The County's failure to make any payment of rent or any other amount payable the Lease when due; or

(2) The County's failure to perform or observe any other covenant, condition or agreement required to be performed or observed by the County hereunder and such failure shall continue for a period of twenty (20) days after notice thereof from or the Trustee to the County; provided, however, that if the failure cannot be corrected within the applicable time period, the Corporation or Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the County within the applicable period and diligently pursued until the default is corrected.

(b) If, by reason of force majeure, the County is unable to perform or observe any agreement, term or condition herein, other than any obligation to make Lease Payments, the County shall not be deemed in default during the continuance of such inability. However, the County shall promptly give notice to and the Trustee of the existence of any event of force majeure and shall use its best efforts to remove the effects thereof; provided that the settlement of strikes or other labor disturbances shall be entirely within the County's discretion.

For the purpose of this subsection, the term Force Majeure means, without limitation: Acts of God, strikes, lockouts or other labor disturbances, acts of public enemies, orders or restraints of any kind of the government of the United States or any of its departments, agencies, political subdivisions, courts or officials, or any civil or military authority, insurrections, civil disturbances, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, storms, droughts, floods, arrests, explosions, breakage, malfunction or accident to facilities, machinery, transmission pipes or canals, partial or entire failure of utilities, shortages of labor, materials, supplies or transportation.

(c) Upon the occurrence of an Event of Default, and as long as the Event of Default is continuing, the Corporation may, at its option, exercise any one or more of the following remedies:

(1) Bring any action allowed by law or equity to enforce the provisions of the Lease, remove the County from possession of the Leased Property, or for damages or any Lease Payment due or to come due under the Lease;

(2) By written notice to the County, terminate the Lease and direct the County to (and the County agrees that it will), at the County's expense, return possession of the Leased Property to the Corporation within forty-five (45) days of receipt of such notice;

(3) Sell or lease the Leased Property for the account of the County pursuant to the terms of the Lease, holding the County liable for all applicable Lease Payments and other payments due to the effective date of such selling, leasing or subleasing and for the difference between the purchase price, rental and other amounts paid by the purchaser, lessee or sublessee pursuant to such sale, lease or sublease and the amounts payable during the remaining term of the Lease by the County under the Lease;

(4) Exercise any other right, remedy or privilege which may be available to it under the applicable laws of the State or to rescind the Lease as to the Leased Property; and

(5) Foreclose the Lease if it is ever construed to be a mortgage.

(d) The County will remain liable for all Lease Payments for the remainder of the term of the Lease, for covenants and obligations thereunder.

(e) No remedy conferred on or reserved to the Corporation is intended to be exclusive of any other available remedy.

(f) If an Event of Default occurs and the Corporation or the Trustee incurs expenses, including attorneys' fees, in connection with the enforcement of or the collection of amounts due under the Lease, the County shall reimburse the Corporation and the Trustee for the expenses so incurred upon demand.

(g) No failure by the Corporation to insist upon strict performance by the County of any provision of the Lease shall constitute a waiver of the Corporation's right to strict performance.

(h) The County shall notify the Corporation and Trustee immediately if it becomes aware of the occurrence of any Event of Default or of any fact, condition or event which, with the giving of notice or passage of time or both, would become an Event of Default.

(i) All of the County's payment obligations under the Lease are subject to Appropriation.

(j) To the extent that the Leased Property is sold pursuant to the exercise by the Corporation of its remedies any proceeds of sale remaining after payment of all claims prior in right thereto, including all amounts due with respect to the Bonds, such remaining proceeds shall be paid to the County.

(k) Notwithstanding the foregoing, so long as Ambac Assurance is not in default in its obligations under the Financial Guaranty Insurance Policy and the Series 2001 Bonds or the Series 2003 Bonds remain Outstanding, the Corporation shall provide immediate notice to Ambac Assurance of any Event of Default under the Lease and shall not waive any Event of Default without the prior written consent of Ambac Assurance, and Ambac Assurance, acting alone, shall have all rights extended to the Owners of the Series 2001 Bonds or the Series 2003 Bonds, as applicable, to pursue any remedy provided for in the Lease and the Corporation shall not pursue any remedy except with the prior written consent of Ambac Assurance.

Section 16. *Termination.* (a) Except in the event of full and timely payment of all Lease Payments, the County shall, upon the expiration of the term of the Lease or any earlier termination hereof surrender possession of the Leased Property to the Corporation in at least as good condition and repair as when delivered to the County, ordinary wear and tear excepted. The Leased Property shall be surrendered to the Corporation, as herein required, free and clear of all liens, encumbrances and rights of others except Permitted Encumbrances. If the County fails to surrender the Leased Property to the Corporation on or before the date of termination, the County shall pay to the

Corporation upon demand, as Additional Rent, for any holdover period beyond the end of the Lease Year in which termination occurs, a portion of the total unpaid rental payment for the applicable period.

(b) The obligations of the County to pay to the Corporation amounts accrued and unpaid as of the termination of the Lease as provided herein shall survive such termination and continue to be an obligation of the County until such amounts of Base and Additional Rent to be paid to and including the Last Day of the term of the Lease are paid in full.

(c) If the County elects not to extend or further extend the term of the Lease, the County shall, as of the end of the then current Lease Year, terminate the Lease and surrender and return the possession of the Leased Property to the Corporation.

Section 17. *Assignment and Sublease by the County.* The County shall not, without the Corporation's prior written consent, (1) assign or dispose of the Lease, the Leased Property, or any part thereof or any interest therein, (2) sublet the Leased Property or any part thereof or (3) permit the Leased Property to be used or possessed by any persons for any purpose which is not an essential public purpose of the County which the County is authorized by law to perform; provided, it is expressly understood, as set forth in the Tax Agreement, that certain portions of the Security Building are subject to existing leases by non-governmental users which will not be renewed by the County.

* * *

Section 19. *Interest on Default.* If fails to pay any part of the Lease Payments on or before the due date, the County shall pay to the Corporation interest on such delinquent payment from the due date until paid at a rate per annum equal to the Default Rate.

* * *

THE INDENTURE

* * *

AUTHORIZATION AND TERMS OF SERIES 2003 BONDS; ADDITIONAL BONDS

Section 2.02. *Issuance of Series 2003 Bonds.*

The Corporation shall, issue, sell and deliver $16,880,000 aggregate principal amount of Lease Revenue Refunding Bonds, Series 2003. The Series 2003 Bonds shall be Tax-Exempt Bonds.

* * *

Section 2.04. *Issuance and Delivery of Additional Bonds.*

(a) The Corporation may issue Additional Bonds from time to time for any purpose permitted in (c)(i) below.

(b) Additional Bonds shall be on a parity with the Series 2001 Bonds and any Additional Bonds thereafter issued and outstanding as to the assignment to the Trustee of the Corporation's right, title and interest in the Lease and amounts in the accounts and the funds created under the Indenture; provided, however, that nothing herein shall prevent payment of Debt Service Charges on any series of Additional Bonds from (i) being otherwise secured and protected from sources or by property or instruments not applicable to the Series 2001 Bonds and any one or more series of Additional Bonds or (ii) not being secured or protected from sources or by property or instruments applicable to the Series 2001 Bonds or one or more series of Additional Bonds.

(c) The issuance of such Additional Bonds is subject to the following specific conditions which are hereby made conditions precedent to the issuance of such Additional Bonds:

(i) such Additional Bonds shall have been authorized to finance or refinance the cost of acquiring, constructing, reconstructing or improving buildings, equipment and other real and personal properties suitable for use by and for leasing to the County or its agencies or instrumentalities, or for refinancing or advance refunding of Bonds and the issuance thereof as shall have been determined and declared by the Corporation, by appropriate resolution, to be necessary for that purpose;

(ii) no Event of Default shall exist under the Lease or the Indenture, as any or all of them may have been supplemented;

(iii) the Bond Resolution shall require that the proceeds of the sale thereof shall be applied solely for one or more of the purposes set forth in (i) above and expenses and costs incidental thereto, including, but not limited to, the costs and expenses incident to the issuance and sale of such Additional Bonds, the costs of any insurance premium relating to insurance on such Additional Bonds and interest on such Additional Bonds during the actual period of any acquisition and construction of such facilities and for a reasonable period of time thereafter;

(iv) if the issuance of such Additional Bonds causes the Reserve Requirement to increase, then in that event, at the time of issuance of such Additional Bonds either cash or Permitted Investments described in clauses (1), (2) or (3) of the definition thereof shall be provided to the Trustee so that the Reserve Requirement shall be satisfied;

(v) with respect to any Bonds not supported by bond insurance, Rating Confirmations; and

(vi) before the Trustee shall authenticate and deliver any Additional Bonds, the following items shall have been received by the Trustee:

A. Original executed counterparts of any amendments or supplements to the Lease and the Indenture entered into in connection with the issuance of the Additional Bonds, which are necessary or advisable, in the opinion of nationally recognized bond counsel, to provide that the Additional Bonds will be issued in compliance with the provisions of this Indenture.

B. A copy of the Bond Resolution, certified by the President or the Secretary-Treasurer.

C. A request and authorization to the Trustee on behalf of the Corporation, signed by the President, Vice President or Secretary-Treasurer, to authenticate and deliver the Additional Bonds upon payment to the Trustee of the amount specified therein, including without limitation, any accrued interest and any Reserve Requirement, which amount shall be deposited as provided in the applicable Bond Resolution or Supplemental Indenture.

D. The written opinion of counsel, who may be counsel for the Corporation, reasonably satisfactory to the Trustee, to the effect that: (1) the documents submitted to the Trustee in connection with the request then being made comply with the requirements of this Indenture; (2) the issuance of such Additional Bonds has been duly authorized; and (3) all conditions precedent to the delivery of such Additional Bonds have been fulfilled.

E. A written opinion of nationally recognized bond counsel (who also may be the counsel to which reference is made in D above), to the effect that: (1) such Additional Bonds will be valid and legal special obligations of the Corporation in accordance with their terms and will be secured on a parity with all other Bonds of any series at the time outstanding under the Indenture as to the assignment to the Trustee of the Corporation's right, title and interest in the Lease and the Series 2001 Acquisition Agreement and amounts in the accounts and the funds specified in the Indenture and the amounts therein to provide for payment of Debt Service Charges on the Bonds and (2) the issuance of such Additional Bonds will not result in the interest on the Tax-Exempt Bonds outstanding immediately prior to that issuance becoming subject to federal income taxation.

F. ALTA title insurance policy or policies or commitments therefor with respect to the Leased Property to be acquired with proceeds of the Additional Bonds insuring the Corporation's interest therein, in a form satisfactory to the Trustee.

TERMS OF BONDS GENERALLY

Section 3.04. Source of Payment of Bonds. To the extent provided in and except as otherwise permitted by the Indenture, the Bonds shall be special obligations of the Corporation and the Debt Service Charges thereon shall be payable solely from the Revenues; provided, that payment of Debt Service Charges on any series of Additional Bonds may be otherwise secured and protected from sources or by property or instruments not applicable to the Series 2001 Bonds and any one or more series of Additional Bonds. Notwithstanding anything to the contrary in the Bond Resolution, the Bonds or the Indenture, the Bonds do not and shall not represent or constitute a debt or pledge of the faith and credit of the Corporation or the taxing power of the County or of the State or of any political subdivision, municipality or other local agency thereof.

* * *

PROVISIONS AS TO FUNDS AND PAYMENTS

Section 5.01. *Provisions as to Funds and Payments.* The Indenture creates the following trust funds: (i) Revenue Fund, including a Series 2001 Revenue Account and a Series 2003 Revenue Account; (ii) Interest Fund, including a Series 2001 Interest Account; (iii) Bond Retirement Fund, including a Series 2001 Bond Retirement Account and a Series 2003 Bond Retirement Account; (iv) Reserve Fund, including a Series 2001 Reserve Account and a Series 2003 Reserve Account; (v) Series 2001 Acquisition and Construction Fund; (vi) a Net Proceeds Fund; and (vii) a Series 2003 Delivery Costs Fund.

Section 5.03 *Disbursements From Series 2001 Acquisition and Construction Fund.*

The Trustee shall hold the amounts in the Series 2001 Acquisition and Construction Fund for the benefit of the Corporation to be used to pay the Series 2001 Delivery Costs and to pay the Series 2001 Costs of Acquisition and Construction, upon written order executed and delivered to the Trustee. Upon an Event of Default, the Trustee may transfer amounts in the Series 2001 Acquisition and Construction Fund to the Revenue Fund to the extent amounts in the Reserve Fund are not sufficient for such purpose.

Section 5.04. *Receipt of Revenues.* The Lease Payments (other than Unassigned Corporation Rights) to be paid by the County pursuant to the terms of the Lease have been assigned by the Corporation to the Trustee so that such moneys shall be paid by the County directly to the Trustee, and the Trustee shall credit such moneys to the respective accounts of the Revenue Fund. The semi-annual Lease Payments to be paid by the County pursuant to the terms of the Lease shall be deposited in the Series 2001 Revenue Account or the Series 2003 Revenue Account of the Revenue Fund, as applicable. If at any time the money in the Revenue Fund exceeds, in the sole opinion of the Trustee, the amount necessary for the current debt service on all of the Bonds then outstanding, including administration costs and expenses, and the County is not then in default under the Lease as amended from time to time, such excess shall constitute a credit to the County on the next succeeding installments of rent due or to become due under the Lease, as amended from time to time, in such manner as the County may direct. Notwithstanding the foregoing, if the County is required to pay Additional Rent pursuant to the provisions of the Lease, then in that event, until such time as the amount in the Reserve Fund shall equal the Reserve Requirement any excess moneys in the Revenue Fund shall, at least annually, so long as the County is not in default under the Lease, be deposited in the Reserve Fund and any earnings in the Reserve Fund shall be retained in the Reserve Fund. The aforesaid credit or transfer shall be made by the Trustee no less frequently than annually.

Section 5.05. *Flow of Funds – Interest Fund/Bond Retirement Fund.* The Trustee shall transfer on a pro rata basis from the Series 2001 Revenue Account, as applicable or any additional accounts therein with respect to Additional Bonds of the Revenue Fund the following amounts at the time and in the manner hereinafter provided for, to-wit:

(a)(i) Series 2001 Interest Account of the Interest Fund: One (1) business day prior to each Interest Payment Date for the Series 2001 Bonds, the Trustee shall deposit in the Series 2001 Interest Account of the Interest Fund an amount equal to the amount of the interest becoming due and payable on the outstanding Series 2001 Bonds on the next Interest Payment Date for the Series 2001 Bonds, and each such deposit shall be made so that adequate moneys for the payment of interest will be available in such fund on each date that interest payments are to be made hereunder. Amounts in the Series 2001 Interest Account of the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2001 Bonds as it shall become due and payable.

(ii) Series 2003 Interest Account of the Interest Fund: One (1) business day prior to each Interest Payment Date for the Series 2003 Bonds, the Trustee shall deposit in the Series 2003 Interest Account of the Interest Fund an amount equal to the amount of the interest becoming due and payable on the outstanding Series 2003 Bonds on the next Interest Payment Date for the Series 2003 Bonds, and each such deposit shall be made so that adequate moneys for the payment of interest will be available in such fund on each date that interest payments are to be made hereunder. Amounts in the Series 2003 Interest Account of the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2003 Bonds as it shall become due and payable.

(b)(i) Series 2001 Bond Retirement Account of the Bond Retirement Fund: One (1) business day prior to each Principal Payment Date for the Series 2001 Bonds, the Trustee shall deposit in the Series 2001 Bond

Retirement Account of the Bond Retirement Fund solely for the purpose of paying the principal of the Series 2001 Bonds as set forth in Section 2.2 hereof.

(b)(ii) Series 2003 Bond Retirement Account of the Bond Retirement Fund: One (1) business day prior to each Principal Payment Date for the Series 2003 Bonds, the Trustee shall deposit in the Series 2003 Bond Retirement Account of the Bond Retirement Fund solely for the purpose of paying the principal of the Series 2003 Bonds as set forth in Section 2.2 of the Indenture.

The respective transfers relating to accounts established for Additional Bonds shall be set forth in the Supplemental Indenture authorizing the issuance thereof.

Section 5.06. *Flow of Funds — Reserve Fund.* At the time of issuance of the Series 2003 Bonds, there shall be on deposit $9,336,000 in the Series 2001 Reserve Account and $1,688,000 in the Series 2003 Reserve Account. In the event the amount of cash and Eligible Investments described in Sections (1) and (2) of the definition thereof is less than the Reserve Requirement, the County is required to deposit funds as Additional Rent pursuant to Section 3(a) of the Lease-Purchase Agreement. The Trustee shall transfer pro rata from the accounts of the Reserve Fund the following amounts in the manner hereinafter provided for, to-wit:

(a) (i) Amounts in the accounts in the Reserve Fund shall be used and withdrawn pro rata solely for the purpose of paying the interest on or principal of the Bonds in the event that no other money of the Corporation is available therefor or for the retirement of all of the Bonds then outstanding.

(ii) If on any Lease Payment Date the amount in the accounts of the Reserve Fund exceeds the Reserve Requirement and if the Corporation is not then in default under this Indenture, the Trustee shall withdraw the amount of any such excess from such fund and shall apply such amount, on a pro rata basis, first to the Interest Accounts of the Interest Fund and second to the Bond Retirement Accounts of the Bond Retirement Fund.

(iii) Amounts in the respective accounts shall be reallocated July 1, 2006 and not later than every three years thereafter in accordance with the respective remaining Outstanding principal amounts of each series of Bonds or in such other manner as may be directed by the County based upon an Opinion of Bond Counsel.

(b) The County shall receive a credit towards Base Rent owed on any Lease Payment Date to the extent funds which exceed the Reserve Requirement are transferred to the Interest Fund or the Bond Retirement Fund.

Section 5.07. *Investment of Funds.* Substantially all amounts in any of the funds and accounts to be established by the Trustee pursuant to this Article of this Indenture shall, at the written direction of the County, so long as the County is not in default under the Lease-Purchase Agreement, be invested and reinvested by the Trustee in Eligible Investments, or if the County fails to so direct or instruct the Trustee, the Trustee shall invest and reinvest such amounts in Eligible Investments described in clause (7) of the definition thereof, provided that amounts in the Reserve Fund may only be invested in Eligible Investments described in subsection (1) and (2) of the definition thereof.

* * *

NET PROCEEDS

Section 6.01. *Establishment of Net Proceeds Fund; Application of Net Proceeds of Insurance Proceeds or Condemnation Awards.* Net Proceeds or condemnation awards of less than $500,000 are to be retained by the County and applied to replace the Leased Property damaged or destroyed. Any Net Proceeds of condemnation awards of $500,000 or more collected by the Corporation, Trustee or the County shall be transferred to the Trustee and deposited by the Trustee in a special fund designated as the "Net Proceeds Fund" to be applied and disbursed by the Trustee. The Trustee shall pay from the Net Proceeds Fund the costs of repairing or replacing the portion of the Leased Property lost, stolen, condemned or destroyed, upon receipt of a written request for payment signed by the County Representative, naming the payee (which may be the County) and the amount to be paid and certifying that the County is repairing or replacing the portion of the Leased Property lost, stolen, condemned or destroyed, that the amount to be paid is a cost thereof and that it has not previously been paid by the Trustee. The Trustee shall make such payment within three (3) Business Days of receipt of the request. In the event of total damage, destruction and condemnation of all or a portion of the Leased Property and the County does not elect to repair or replace such portion of the Leased Property, the County shall notify the Trustee of such election, the Net Proceeds or other insurance or condemnation proceeds shall be transferred, pro rata, to the Interest Accounts of the Interest Fund and the Bond Retirement Accounts of the Bond Fund and applied to the next Lease Payments to come due or used to redeem Bonds in advance of their due date in accordance with the special mandatory redemption provisions of the Indenture.

THE TRUSTEE, REGISTRAR AND PAYING AGENTS

Section 7.01. *Trustee's Acceptance and Responsibilities.*

(a) The Trustee accepts the trusts imposed upon it by the Indenture and shall observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Owners agree.

(b) Prior to the occurrence of a default or an Event of Default of which the Trustee has been notified or of which by that paragraph the Trustee is deemed to have notice, and after the cure or waiver of all defaults or Events of Default which may have occurred,

(i) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in the Indenture and no duties or obligations shall be implied to the Trustee and

(ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein.

(c) In case a default or an Event of Default has occurred and is continuing (of which the Trustee has been notified, or is deemed to have notice), the Trustee shall exercise those rights and powers vested in it by the Indenture and shall use the same degree of care and skill in its exercise as a corporate trustee would exercise or use under the circumstances in the conduct of its trust business.

(d) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that,

(i) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts;

(ii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in principal amount of a series of the Bonds then outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(iii) no provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

* * *

Section 7.04. *Intervention by Trustee.* The Trustee may intervene on behalf of the Owners, and shall intervene if requested to do so in writing by the Owners of at least twenty-five percent (25%) of the aggregate principal amount of a series of Bonds then outstanding, in any judicial proceeding to which the Corporation or the County is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Owners of the Bonds. The rights and obligations of the Trustee under this Section are subject to the approval of that intervention by a court of competent jurisdiction.

* * *

Section 7.07. *Resignation by the Trustee.* The Trustee may resign at any time from the trusts created under the Indenture by giving written notice of the resignation to the Corporation, the County, the Registrar, any Paying Agents, Ambac Assurance, and the Original Purchaser of each series of Bonds then outstanding, by mailing written notice of the resignation to such parties and to the Owners as their names and addresses appear on the

Register at the close of business fifteen days prior to the mailing. The resignation shall take effect upon the appointment of a successor Trustee which appointment shall require the consent of Ambac Assurance.

Section 7.08. *Removal of the Trustee.* (a) The Trustee may, with the consent of Ambac Assurance, be removed at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the Corporation (except when the Corporation is removing the Trustee), the County, the Registrar, any Paying Agents, and signed by or on behalf of the Corporation or by the Owners of not less than a majority in aggregate principal amount of the Bonds then outstanding.

(b) The Trustee also may be removed, with the consent of Ambac Assurance, at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by a court of competent jurisdiction upon the application of the Corporation or the Owners of not less than twenty percent (20%) in aggregate principal amount of the Bonds then outstanding under this Indenture.

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND OWNERS

Section 8.01. *Defaults; Events of Default.* (a) The following constitutes an Event of Default under the Indenture:

(i) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;

(ii) Payment of the principal of or any premium on any Bond shall not be made when and as that principal or premium shall become due and payable, whether at stated maturity, by redemption, or otherwise;

(iii) Failure by the Corporation to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the Indenture or in the Bonds, which failure shall have continued for a period of thirty (30) days after written notice of such failure, by registered or certified mail, shall have been given to the Corporation and the County, requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of Owners of not less than twenty five percent (25%) in aggregate principal amount of any series of Bonds then outstanding;

(iv) The occurrence and continuance of any default as defined in the Lease;

(v) The occurrence of an Event of Bankruptcy as to the County or the Corporation or the County or the Corporation shall: (A) commence a proceeding under any federal or state insolvency, reorganization or similar law, or have such a proceeding commenced against them and either have an order of insolvency or reorganization entered against them or have the proceeding remain undismissed and unstayed for ninety (90) days; or (B) have a receiver, conservator, liquidator or trustee appointed for them or for the whole or any substantial part of their property. The declaration of an Event of Default under this subsection and the exercise of remedies upon any such declaration shall be subject to any applicable limitations of federal or State law affecting or precluding such declaration or exercise during the pendency of or immediately following any liquidation or reorganization proceedings.

Section 8.02. *Notice of Default.* If an Event of Default shall occur, the Trustee shall give written notice of the Event of Default, by registered or certified mail, to the Corporation, the County, the Registrar or any Paying Agent, for each series of the Bonds then outstanding, if any, affected thereby, and the Original Purchaser of each series of Bonds, within five (5) days after the Trustee has notice of the Event of Default. If an Event of Default occurs of which the Trustee has notice pursuant to this Indenture the Trustee shall give written notice thereof, promptly after the Trustee's receipt of notice of its occurrence, to the Owners of all Bonds then outstanding as shown by the Register at the close of business fifteen (15) days prior to the mailing of that notice; provided that, except in the case of a default in the payment of the principal of or any premium or interest on any Bond or the occurrence of an Event of Bankruptcy as to the Corporation, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or responsible officers of the Trustee in good faith determine that the withholding of notice to the Owners is in the interests of the Owners.

Section 8.03. *Remedies; Rights of Owners.*

(a) Upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy to enforce the payment of Debt Service Charges or the observance and performance of any other covenant, agreement or obligation under the Indenture, the Lease or any other instrument providing security, directly or indirectly, for the Bonds (including the right to direct the Corporation to transfer title to the Leased Property to the Trustee). Pursuant to the Indenture, the Bonds are subject to special mandatory redemption upon the occurrence of an Event of Default.

(b) If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of each series of Bonds outstanding affected thereby, the Trustee shall exercise any rights and powers conferred by this Section.

(c) No remedy conferred upon or reserved to the Trustee (or the Owners) by the Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or otherwise to the Trustee, or to the Owners or now or hereafter existing.

(d) No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

(e) No waiver of any default or Event of Default hereunder, whether by the Trustee, any or by the Owners, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

(f) As the assignee of all right, title and interest of the Corporation in and to the Lease (except for the Unassigned Corporation's Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Corporation under the and the Lease.

Section 8.04. Right of Owners to Direct Proceedings. The Owners of a majority in aggregate principal amount of each series of Bonds then outstanding shall have the right at any time to direct, by an instrument or document or instruments or documents in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture.

Section 8.05. Application of Moneys. (a) After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of moneys pursuant to any right given or action taken under the Indenture or the Lease, all moneys received by the Trustee for deposit into the Revenue Fund and the Reserve Fund shall be applied as follows:

> First — To the payment to the Owners entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Owners entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and
>
> Second — To the payment to the Owners entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), whether at stated maturity, by redemption or pursuant to any mandatory redemption requirements, in the order of their due dates (or redemption dates), beginning with the earliest due date (or redemption date), with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Owners entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

* * *

Section 8.07. *Rights and Remedies of Owners.* An Owner shall not have any right to institute any suit, action or proceeding for the enforcement of this Indenture, for the execution of any trust hereof, or for the exercise of any other remedy hereunder, unless:

(i) there has occurred and is continuing an Event of Default of which the Trustee has been notified, or of which it is deemed to have notice;

(ii) the Owners of at least twenty-five percent (25%) in aggregate principal amount of a series of Bonds then outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted to it or to institute the suit, action or proceeding in its own name, and shall have offered indemnity to the Trustee; and

(iii) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity and offer of indemnity are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

Section 8.10. *Consent of Ambac Assurance.* Notwithstanding any provision in the Indenture or Lease to the contrary, as long as the Series 2001 Bonds or the Series 2003 Bonds are outstanding pursuant to Section 10.03 of the Indenture, the Financial Guaranty Insurance Policy is in effect and Ambac Assurance is not in default in its obligations thereunder:

(a) Ambac Assurance shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Series 2001 Bonds or the Series 2003 Bonds or the Trustee for the benefit of the Owners of the Series 2001 Bonds or the Series 2003 Bonds under the Indenture or the Lease;

(b) Any reorganization or liquidation plan with respect to the Corporation must be acceptable to Ambac Assurance and in the event of any reorganization or liquidation, Ambac Assurance shall have the right to vote on behalf of all Owners of Series 2001 Bonds or the Series 2003 Bonds which are insured by Ambac Assurance;

(c) Any provision of the Indenture or the Lease expressly recognizing or granting rights in or to Ambac Assurance may not be amended in any manner which affects the rights of Ambac Assurance thereunder without the prior written consent of Ambac Assurance;

(d) The prior consent of Ambac Assurance shall be required for the execution and delivery of any supplement, amendment or change to the Indenture or Lease or for any other action which requires the consent of the Owners of the Series 2001 Bonds or the Series 2003 Bonds;

(e) Ambac Assurance shall have the right to consent to any amendment to the Indenture (other than pursuant to Section 9.03 (a)(i) or (ii) thereof) or the Lease on behalf of the Owners of the Series 2001 Bonds and Series 2003 Bonds; and

(f) No consent of Ambac Assurance shall be required for any action upon payment in full of the Series 2001 Bonds and Series 2003 Bonds under Section 10.03 of the Indenture or in the event Ambac Assurance shall be in default in its obligations under the Financial Guaranty Insurance Policy.

SUPPLEMENTAL INDENTURES

* * *

Section 9.02. *Supplemental Indentures Not Requiring Consent of Owners.* Without the consent of, or notice to, any of the Owners, the Corporation and the Trustee may enter into indentures supplemental to the Indenture which shall not, in the opinion of the Corporation and the Trustee, be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;

(b) to grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Owners or the Trustee;

(c) to assign additional revenues under the Indenture;

(d) to accept additional security and instruments and documents of further assurance with respect to the Bonds and to release all or any portion of the Leased Property from the provisions of the Lease and the lien of the Indenture in accordance with the provisions of the Lease;

(e) to add to the covenants, agreements and obligations of the Corporation under the Indenture, other covenants, agreements and obligations to be observed for the protection of the Owners, or to surrender or limit any right, power or authority reserved to or conferred upon the Corporation in this Indenture, including without limitation, the limitation of rights of redemption so that in certain instances Bonds of different series will be redeemed in some prescribed relationship to one another for the protection of the Owners of a particular series of Bonds;

(f) to evidence any succession to the Corporation and the assumption by its successor of the covenants, agreements and obligations of the Corporation under the Indenture, the Lease and the Bonds:

(g) to make necessary or advisable amendments or additions in connection with the issuance of Additional Bonds as do not adversely affect the interests of Owners of outstanding Bonds;

(h) to permit the Trustee to comply with any obligations imposed upon it by law;

(i) to specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Paying Agents;

(j) to achieve compliance of the Indenture with any applicable federal securities or tax law;

(k) with the consent of Ambac Assurance, to facilitate the substitution of an insurance policy, surety bond or letter of credit, the provider of which has unsecured obligations in one of the two highest rating categories of each Rating Agency, in satisfaction of the Reserve Requirement; and

(l) to permit any other amendment which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Owners.

Section 9.03. Supplemental Indentures Requiring Consent of Owners. (a) Exclusive of Supplemental Indentures described above and subject to the terms, provisions and limitations described below, and not otherwise, with the consent of the Owners of not less than a majority in aggregate principal amount of each affected series of Bonds at the time outstanding, the Corporation and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of the Indenture or any Supplemental Indenture or restricting in any manner the rights of the Owners. Nothing in the Indenture shall permit:

> (i) without the consent of the Owner of each Bond so affected, (A) an extension of the maturity of the principal of or the interest on any Bond, (B) a reduction in the principal amount of any Bond or the rate of interest or premium thereon, or (C) a reduction in the amount or extension of the time of payment of any mandatory redemption requirements, or
>
> (ii) without the consent of the Owners of all Bonds then outstanding, (A) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (B) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

DEFEASANCE

Section 10.01. Release of Indenture. If (i) the Corporation shall pay all of the outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Owners of the outstanding Bonds, all Debt Service Charges due or to become due thereon, and (ii) provision also shall be made for the payment of all other sums payable under the Indenture or under the Lease, then the Indenture shall cease, determine and become null and void and the covenants, agreements and obligations of the Corporation under the Indenture shall be released, discharged and satisfied. Amounts on deposit in the Reserve Fund may only be considered available for the defeasance of all Bonds at the specific direction of the County.

Section 10.02. Payment and Discharge of Bonds. (a) All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of the Indenture if:

> (i) the Trustee as paying agent and any Paying Agents shall have received, in trust for and irrevocably committed thereto, sufficient moneys, or

(ii) the Trustee shall have received, in trust for and irrevocably committed thereto, Defeasance Obligations which are certified by an independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any moneys to which reference is made in subparagraph (i) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed,

for the payment of all Debt Service Charges on those Bonds, at their maturity or redemption rates, as the case may be, or if a default in payment shall have occurred on any maturity or redemption date, then for the payment of all Debt Service Charges thereon to the date of the tender of payment; provided, that if any of those Bonds are to be redeemed prior to the maturity thereof, notice of that redemption shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of that notice.

Section 10.03. Survival of Certain Provisions. Notwithstanding the foregoing, any provisions of the Bond Resolution and the Indenture which relate to the maturity of Bonds, interest payments and dates thereof, optional and mandatory redemption provisions, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of moneys in trust and the duties of the Trustee, the Registrar and the Paying Agents, the payment or reimbursement for fees, charges and advances owed to, Trustee, the Registrar and the Paying Agents in connection with all the foregoing, and indemnities to the Trustee, the Registrar and the Paying Agents shall remain in effect and be binding upon the Trustee, the Registrar, the Paying Agents and the Owners notwithstanding the release and discharge of the Indenture.

Notwithstanding anything in the Indenture to the contrary, in the event the principal of and/or interest on the Series 2001 Bonds and the Series 2003 Bonds shall be paid by Ambac Assurance pursuant to the Financial Guaranty Insurance Policy, the Series 2001 Bonds and the Series 2003 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Corporation, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Corporation to the Owners of the Series 2001 Bonds and the Series 2003 Bonds shall continue to exist and shall run to the benefit of Ambac Assurance, and Ambac Assurance shall be subrogated to the rights of such Owners.

* * *

Section 11.07. Authority of Corporation. (a) The Corporation covenants that it is, at the date of the execution and delivery of this Indenture, or will be, possessed of the trust estate, that the Lease is, at the date of the delivery of this Indenture, a valid and subsisting agreement for the leasing to the County the Leased Property, that the Lease was lawfully made by the County and the Corporation, that the covenants contained in the Lease are binding, that the Corporation has good right, full power and lawful authority to grant, bargain and assign, and to transfer in trust, convey and pledge the trust estate in the manner and form herein provided, and that the Corporation forever will warrant and defend the title to the same to the Trustee against the claims of all persons whomsoever, subject to rights of the County referred to herein-above.

(b) The Corporation further covenants that it will not, without a Rating Confirmation with respect to Bonds that are not supported by bond insurance, and the written consent of the Trustee and Ambac Assurance, alter, modify or cancel, or agree or consent to alter, modify or cancel the Lease-Purchase Agreement or any other agreements heretofore or hereafter entered into by the Corporation which relate to or affect the security of the Bonds issued hereunder other than upon defeasance of the Bonds in accordance with Article X hereof. With the written consent of the Trustee, the Corporation may consent to alterations and modifications thereof, provided that no such alterations or modifications will decrease the amounts available for payment of the Bonds or will render the income of the Corporation or the interest on the Tax-Exempt Bonds taxable to the recipient, and provided further that prior to giving its consent with respect to an alteration or modification of the Lease-Purchase Agreement the Trustee shall obtain an opinion of counsel or financial consultant selected by the Trustee that the proposed alteration or modification will not be materially adverse to the interests of the owners of the Bonds, will not decrease the amounts available for payment of the Bonds and will not render the income of the Corporation or the interest on the Tax-Exempt Bonds taxable under the income tax laws of the United States of America. Additional Bonds or other obligations secured by Revenues shall not be deemed to have decreased the amounts available for payment of the Bonds, nor shall agreements supplemental to or independent of the Lease-Purchase Agreement, under which such Additional Bonds or obligations are to be issued, be deemed alterations or modifications of the Lease-Purchase Agreement so as to require consent of the Trustee. The Corporation further covenants that it will comply with all the terms and provisions of said documents, and that it will not engage in any activities or take any action which might result in the income of the Corporation becoming taxable to it, or any interest payment on the Tax-Exempt Bonds becoming taxable to the recipient thereof, under the income tax laws of the United States.

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

The following information concerning DTC and DTC's book-entry system is based solely on information provided by DTC. Accordingly, neither the Corporation nor the County takes any responsibility for the accuracy thereof. The Beneficial Owners should confirm this information with DTC or the DTC participants.

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Series 2003 Bonds. The Series 2003 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2003 Bond certificate will be issued for each maturity of the Series 2003 Bonds, each in the aggregate the principal amount of the Series 2003 Bonds, and will be deposited with DTC. The owners of book-entry interest will not receive or have the right to receive physical delivery of Series 2003 Bonds.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilities the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of beneficial interests in the Series 2003 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2003 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2003 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2003 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2003 Bonds, except in the event that use of the book-entry system for the Series 2003 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2003 Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2003 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2003 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2003 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect

Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2003 Bonds. Under its usual procedures, DTC mails an Omnibus proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2003 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2003 Bonds will be made by the Trustee, as the Paying Agent to DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from neither the Trustee, the Corporation nor the County on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2003 Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2003 Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2003 Bond certificates will be printed and delivered.

NEITHER THE TRUSTEE, THE CORPORATION NOR THE COUNTY WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO INDIRECT PARTICIPANTS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2003 BONDS UNDER THE INDENTURE; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2003 BONDS; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2003 BONDS; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2003 BONDS; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered Owner of the Series 2003 Bonds, as nominee for DTC, references herein to "Owner" or registered owners of the Series 2003 Bonds (other than under the caption "TAX EXEMPTION") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such Series 2003 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Trustee to DTC only.

APPENDIX F

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

[PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings of the Maricopa County Public Finance Corporation (the *"Corporation"*) passed preliminary to the issue of its Lease Revenue Refunding Bonds, Series 2003 (the *"Series 2003 Bonds"*) in the amount of $16,880,000 in fully registered form, dated the date hereof. The Series 2003 Bonds are being issued to refund certain lease obligations of Maricopa County (the *"County"*) evidenced by certificates of participation and certain capital and equipment leases.

We have examined the law and such documents and matters as we have deemed necessary to render this opinion, including, without limitation, the original or a copy identified to our satisfaction as being a true copy of the Indenture (as defined herein).

As to questions of fact material to the opinions expressed herein, we have relied upon, and have assumed due compliance with the provisions of, the proceedings and other documents, and have relied upon certifications and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, the use to be made of the proceeds of the Series 2003 Bonds and the lease obligations being refinanced (the *"Refunded Obligations"*). Reference is made to certifications of and opinions of counsel to parties other than the Corporation with respect to the existence and powers of such parties to enter into and perform the instruments referred to, the authorization, execution and delivery of such instruments by such parties and such instruments being binding upon and enforceable against such parties; we express no opinion as to such matters.

The Series 2003 Bonds are being issued pursuant to a Trust Indenture, dated as of June 1, 2001, as amended by a Series 2003 Supplement to Trust Indenture dated as of December 1, 2003, each between the Corporation and BNY Western Trust Company, as trustee (as so amended, the *"Indenture"*). The Series 2003 Bonds are payable solely, as to both principal and interest, from payments made by the County under the Series 2001 Lease-Purchase Agreement, dated as of June 1, 2001, as amended by a Series 2003 Amendment to Lease Agreement dated as of December 1, 2003 (as amended, the *" Lease"*).

Based upon the foregoing, we are of the opinion as of this date, which is the date of initial delivery of the Series 2003 Bonds against payment therefor, that:

1. The Indenture, the Lease and the Series 2003 Bonds have been duly authorized, executed and delivered by the Corporation and are valid and binding upon and enforceable against the Corporation.

2. The Series 2003 Bonds constitute special, limited obligations of the Corporation, and the principal of and interest and any premium on the Bonds (collectively, "debt service"), unless paid from other sources, are payable solely from the revenues and other monies pledged and assigned by the Indenture to secure that payment. Those revenues and other monies include lease payments required to be made by the County under the Lease, which lease payment are subject to annual appropriation by the County. The term of the Lease is originally to June 30, 2004, and thereafter for such additional lease years (July 1 through June 30) as are necessary to complete the anticipated term thereof through and including June 30, 2015. The Lease provides for an automatic extension of its

term for additional one year terms when an appropriation is made for an amount equal to the lease payments for such year in the County's final approved budget for such fiscal year. The Indenture creates the pledge which it purports to create in the pledged revenues and of other monies in the funds and accounts created by the Indenture (other than the Rebate Fund), which pledge will be perfected only as to the revenue and other monies on deposit in the funds and accounts created by the Indenture. The Series 2003 Bonds and the payment of debt service are not secured by an obligation or pledge of any monies raised by taxation; the Series 2003 Bonds do not represent or constitute a debt or pledge of the general credit of the Corporation, the County or the State of Arizona; and the Lease, including the County's obligation to make the lease payments required thereunder, does not represent or constitute a debt or pledge of the general credit of the County.

3. Subject to the Corporation's and the County's compliance with certain covenants, under present law, interest on the Series 2003 Bonds (i) is not includible in gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the *"Code"*), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations and in computing the "branch profits tax" imposed on certain foreign corporations and (ii) is exempt from present Arizona income taxation as long as that interest is excluded from gross income for federal income tax purposes. Failure to comply with certain of such Corporation and County covenants could cause interest on the Series 2003 Bonds to be included in gross income for federal income or Arizona tax purposes retroactively to the date of issuance of the Series 2003 Bonds. Ownership of the Series 2003 Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2003 Bonds.

This opinion is written upon reliance upon (i) certifications of the Corporation and the County with respect to certain material facts solely within the Corporation's knowledge relating to application of the proceeds of the Series 2003 Bonds and the Refunded Obligations and (ii) the verification report of Grant Thornton LLP as to the yield on the Series 2003 Bonds and certain government obligations purchased with the proceeds of the Series 2003 Bonds and the adequacy of such obligations to make timely payment of the principal, interest and premium, if any on certain of the Refunded Obligations. Our opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We express no opinion for federal Arizona or income tax purposes as to any monies received under the Lease from other than funds made available from the County or the Reserve Fund as a result of termination of the County's obligations thereunder for any reason, including nonappropriation by the County or the exercise of remedies upon an event of default thereunder. In addition, we express no opinion as to the status of the title to the Leased Property.

The rights of the owners of the Series 2003 Bonds and the enforceability of those rights under the Series 2003 Bonds and the documents referred to above may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Respectfully submitted,

APPENDIX G

FORM OF CONTINUING DISCLOSURE UNDERTAKING

$16,880,000
MARICOPA COUNTY, ARIZONA
PUBLIC FINANCE CORPORATION
LEASE REVENUE REFUNDING BONDS, SERIES 2003

CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by Maricopa County, Arizona (the "County") in connection with the issuance and sale of the $16,880,000 aggregate principal amount of Maricopa County Public Finance Corporation Lease Revenue Refunding Bonds, Series 2003 (the "Series 2003 Bonds"). The Series 2003 Bonds are being issued by Maricopa County Public Finance Corporation (the "Corporation") pursuant to a Trust Indenture, dated as of June 1, 2001, as amended by a Series 2003 Supplement to Trust Indenture dated as of December 1, 2003 (collectively, the "Indenture") each between BNY Western Trust Company, as trustee (the "Trustee"), and the Corporation.

In connection with the Series 2003 Bonds, the County covenants and agrees as follows:

1. **Purpose of this Undertaking.** This Undertaking is executed and delivered by the County as of the date set forth below, for the benefit of the beneficial owners of the Series 2003 Bonds and in order to assist the Underwriters in complying with the requirements of the Rule (as defined below).

2. **Definitions.** The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

"Annual Information" means the financial information and operating data set forth in Exhibit I.

"Annual Information Disclosure" means the dissemination of disclosure concerning Annual Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"Audited Financial Statements" means the audited financial statements of the County prepared pursuant to the standards and as described in Exhibit I.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any agent designated as such in writing by the County and which has filed with the County a written acceptance of such designation, and such agent's successors and assigns.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Material Event" means the occurrence of any of the Events with respect to the Series 2003 Bonds set forth in Exhibit II that is material, as materiality is interpreted under the Exchange Act.

"MSRB" means the Municipal Securities Rulemaking Board.

"NRMSIRs" means, as of any date, any Nationally Recognized Municipal Securities Information Repository then recognized by the Commission for purposes of the Rule. As of the date of this Undertaking, the NRMSIRs are:

Bloomberg Municipal Repositories
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
E-Mail: munis@bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-Mail: nrmsir@dpcdata.com

Standard & Poor's Securities Evaluations, Inc.
55 Water Street - 45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
E-Mail: nrmsir_repository@sandp.com

FT Interactive Data
Attn: NRMSIR
100 Williams Street
New York, NY 10038
Phone: (212) 771-6899
Fax: (212) 771-7390
E-Mail: nrmsir@interactivedata.com
Website: http://www. nrmsir@interactivedata.com

The names and addresses of all current NRMSIRs should be verified each time information is delivered pursuant to this Undertaking.

"Underwriters" means any broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Series 2003 Bonds.

"Rule" means Rule 15c-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"Lease" means the Series 2003 Lease Purchase Agreement, dated as of June 1, 2001 between the Corporation, as lessor, and the County, as lessee, as supplemented and amended.

"SID" means any public or private repository designated by the State as the state repository and recognized as such by the Commission for purposes of the Rule. As of the date of this Agreement, no SID exists within the State. The name and address of the SID, if any, should be verified each time information is delivered pursuant to this Agreement.

"State" means the State of Arizona.

"Undertaking" means the obligations of the County pursuant to Sections 4, 5, 6 and 7 hereof.

3. **CUSIP Number/Final Official Statement.** The CUSIP Number of the Series 2003 Bonds is 566877. The Final Official Statement relating to the Series 2003 Bonds is dated November 18, 2003 (the "Final Official Statement").

4. **Annual Information Disclosure.** Subject to Section 9 of this Undertaking, the County shall disseminate its Annual Information and its Audited Financial Statement, if any (in the form and by the dates set forth in Exhibit I), to all NRMSIRs and to the SID, if any. The County is required to deliver such information in such manner and by such time so that such entities receive the information on the date specified.

If any part of the Annual Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the County will disseminate a statement to such effect as part of its Annual Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. **Material Events Disclosure.** Subject to Section 9 of this Undertaking, the County hereby covenants that it will disseminate in a timely manner notice of occurrence of a Material Event to each NRMSIR, or to the MSRB and to the SID, if any.

6. **Duty to Update NRMSIRs/SID.** The County shall determine, in the manner it deems appropriate, the names and addresses of the then existing NRMSIRs and SID each time it is required to file information with such entities.

7. **Consequences of Failure of the County to Provide Information.** The County shall give notice in a timely manner to each NRMSIR, or to the MSRB and to the SID, if any, of any failure to provide Annual Information Disclosure when the same is due hereunder.

In the event of a failure of the County to comply with any provision of this Undertaking, the beneficial owner of any Certificate may seek mandamus or specific performance by court order, to cause the County to comply with its obligations under this Undertaking. A default under this Undertaking shall not be an Event of Default on the Series 2003 Bonds or under the Indenture or the Series 2003 Lease. The sole remedy under this Undertaking in the event of any failure of the County to comply with this Undertaking shall be an action to compel performance.

8. **Amendments; Waiver.** Notwithstanding any provision of this Agreement, the County by certified resolutions authorizing each amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County, or type of business conducted;

(b) This Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the beneficial owners of the Series 2003 Bonds, as determined by an independent counsel or other entity unaffiliated with the County or the County Prosecutor's Office.

9. **Non-Appropriation.** The performance by the County of its obligations in this Undertaking shall be subject to the annual appropriation of any funds that may be necessary to permit such performance. In the event of a failure by the County to comply with its covenants under this Undertaking due to a failure to appropriate the necessary funds, the County covenants to provide prompt notice of such fact to each NRMSIR and the SID.

10. **Termination of Undertaking.** The Undertaking of the County shall be terminated hereunder if the County shall no longer have liability for any obligation or relating to repayment of the Series 2003 Bonds under the Indenture. The County shall give notice in a timely manner if this Section is applicable to each NRMSIR, or to the MSRB, and to the SID, if any.

11. **Dissemination Agent.** The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

12. **Additional Information.** Nothing in this Undertaking shall be deemed to prevent the County from disseminating any other information using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Undertaking. If the County chooses to include any information from any document or notice of occurrence of Material Event in addition to that which is specifically required by this Undertaking, the County shall have no obligation under this Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Material Event.

13. **Beneficiaries.** This Undertaking has been executed in order to assist the Underwriters in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the County, the Dissemination Agent, if any, and the beneficial owners of the Series 2003 Bonds, and shall create no rights in any other person or entity.

14. **Recordkeeping.** The County shall maintain records of all Annual Information Disclosure and notices of occurrence of Material Events including the content of such disclosure or notices, the names of the entities with whom such disclosure or notices were filed and the date of filing such disclosure or notices.

15. **Assignment.** The County shall not transfer its obligations under the Series 2003 Lease which obligates the County to make the Lease payments securing the Series 2003 Bonds unless the transferee agrees to assume all obligations of the County under this Undertaking or to execute an Undertaking under the Rule.

Simultaneously with any dissemination under Sections 4, 5, 9 or 11 hereunder, the County shall send written notice to the Trustee describing (or containing a copy of) the information so filed under such sections.

16. **Governing Law**. This Undertaking shall be governed by the laws of the State.

MARICOPA COUNTY

By: ______________________________
Fulton Brock
Chairman, Board of Supervisors

Date: December __, 2003

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means the information and operating data of the type contained under the headings "THE COUNTY'S GENERAL FUND" and "APPENDIX B – Maricopa County, Arizona Financial Data."

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to each NRMSIR and to the SID, if any, or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB; the Final Official Statement need not be available from each NRMSIR, the SID or the Commission. The County shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to each NRMSIR and to the SID, if any, no later than February 1 in each year commencing February 1, 2004. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

Audited Financial Statements will be prepared according to GAAP, as applied to governmental units as modified by State law. Audited Financial Statements will be provided to each NRMSIR and to the SID, if any, within 30 days after availability to the County.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the County will disseminate a notice of such change as required by Section 4, including changes in Fiscal Year or GAAP.

APPENDIX H

SPECIMEN BOND INSURANCE POLICY

Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President

AMBAC ASSURANCE CORPORATION
SEAL
WISCONSIN

Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Officer of Insurance Trustee

Form No.: 2B-0012 (1/01)